NEWS IN BRIEF

Judge blocks American-Lucky merger

LOS ANGELES — Although Federal Trade Commission approval has already been granted, a federal judge has temporarily blocked the merger of American Stores' Alpha Beta division and Lucky Stores.

Los Angeles Federal District Judge David Kenyon granted a temporary restraining order in response to an antitrust lawsuit filed by California Attorney General John Van de Kamp. The suit claims the $2.5 billion merger will stifle competition in California and raise consumer prices.

The ruling requests that Lucky and Alpha Beta continue to operate separately at least until the next scheduled hearing. (At press time, the next court date was set for Sept. 16.) Kenyon's ruling does not prevent the company from selling Lucky's Kash 'n Karry Florida stores, Arizona locations or the 37 stores to be sold under the FTC's order.

Lucky ceo John Lillie said the merger would "bring an estimated $50 million in savings to consumers per year."

American Stores intends for Lucky to operate all of the combined 567-store grocery chain under Lucky's every-day-low pricing policy. Under this operating structure, analyst John Kosecoff with First Manhattan in New York said consumers would indeed save money. He noted that Alpha Beta "hasn't been pricing competitively."

Two cosmetics buyers named at Peoples

Thomas

St. Ledger

ALEXANDRIA, Va. — Peoples Drug has created two new buying positions in its Corporate Cosmetics Marketing Group.

Errett R. Thomas, a Peoples veteran since 1978, has been named to the position of corporate buyer for ethnic programs, and Mary St. Ledger, who started working for Peoples when she was in high school, has been named corporate buyer, fashion accessories. Both report to Vicki Wiliams, Peoples' corporate vp of cosmetics.

Polark new Walgreen administrative vp

DEERFIELD, Ill. — Walgreen Co. has promoted Roger Polark to vp-administration, replacing L. Alan Crotty, who died in May. Polark last served as division vp in charge of corporate accounting and controller.

Replacing Polark in that post is former general auditor Roger Clausen. Chester Young has been tapped to fill Clausen's old post.

Walgreen has also named Joel Levin division vp in the tax department.

Roberson heads Eckerd Vision Group

CLEARWATER, Fla. — Eckerd has named Richard Roberson, former vp-treasurer and controller, to the newly-created post of president of the Eckerd Vision Group. Roberson will oversee the launch of as many as 10 new Visionworks eye wear centers over the next 12 months, bringing the total to 21. He will also manage the 75 optical centers in Eckerd drug stores.

Roberson has also been named a senior vp of Eckerd Corp., chairman Stewart Turley announced.

Roberson's duties in finance will be taken over by the current financial staff, under Jack Boyle, senior vp-finance and administration.

Edward M. Nelson III to top chain slot

Nelson III

PARKERSBURG, W. Va. — Edward M. Nelson III has been named president and chief operating officer of Nelson's Prescription Drug Stores, according to Edward M. Nelson Jr., who was recently elected chairman and ceo of the 10-store chain.

Previously vice president, Edward Nelson III will be responsible for the day-to-day operations and trade relations of the 35-year-old chain, which has stores in West Virginia and Ohio. The elder Nelson will concentrate on financial and long-term planning.

Drug Store News (ISSN 0191-7587), is published biweekly—every other Monday, monthly in December plus an extra Pharmacist's Reference to Rx/OTC Patient Counseling in October, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rates: Infield subscribers, retailers and wholesalers, one year $19.50; two years $35. Out-of-field subscribers, manufacturers, schools, libraries and all others, one year $39. Single copy rate $2. Foreign subscriptions: Airmail only $125 per year.
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Vol. 10, No. 19 Sept. 26, 1988

Better margins and controls spur Fay's to record 2nd qtr.

LIVERPOOL, N.Y.—Fay's Drug cited increased gross margins, effective expense controls and contributions from its specialty retail divisions as key factors in achieving record net earnings and net earnings per share for the second quarter of fiscal 1989.

Net earnings for the quarter ended July 31 rose to $2.2 million, or 16 cents per share, from $1.2 million, or 8 cents per share for the comparable period last year.

Revenues for the period increased to a record $127.1 million, from $124.4 million a year ago.

"Our performance in the second quarter is confirmation that the programs we have in place are producing positive results," said Henry A. Panasci Jr., Fay's chairman. "Sales results were impacted by the sale and closing of our stores in the New England market and reduced sales of low-profit promotional merchandise.

"After recording nine consecutive quarters of increased earnings, we expect this positive trend to continue throughout the second half of the year," he continued.

Net earnings for the first half increased to $3.2 million, or 23 cents per share, compared with $1.3 million, or 9 cents per share, for the first six months last year. Revenues for the first half increased to $249.5 million from $235.1 million.

Per share figures have been adjusted for a 10 percent stock dividend distributed June 28.

During the second quarter, Fay's sold nine stores and closed five in Connecticut and Massachusetts. A net charge against earnings of $450,000 related to the sale and closing of stores, including asset write-downs and carrying cost adjustments associated with the closed stores, are reflected in the second-quarter results.

Also during the second quarter, two Fay's units were reopened following remodelings, and a bantam store was acquired.

Since July 31, Fay's has opened two stores and plans to open two more drug stores, two Paper Cutters and one Wheels Discount Auto Supply store by the end of the year.

> *'Sales results were impacted by the sale and closing of our stores in the New England market and reduced sales of low-profit promotional merchandise.'*
>
> **—Henry A. Panasci, Jr.**
> chairman

Sixty years of drug store retailing

The following items were taken verbatim from the pages of Chain Store Age Drug Edition, *which became* Drug Store News *in 1979.*

60 years ago

WASHINGTON, D.C., 1928 — "In testing new merchandise we remove the mental hazard by disguising the identity of the goods. If we have four kinds of chocolate soda we wish to compare, we give them numbers and get unbiased opinions. Otherwise, if we set up one particular kind and then asked our men whether they liked the other fellow's or preferred ours, they'd all select ours just to make us feel good." — Wallace J. Smith, The Peoples Drug Stores.

50 years ago

NEW HAVEN, Conn., 1938 — By its loyalty to local products, the Liggett drug store, New Haven, Conn., is doing its share in overcoming the charge that chain stores have no roots in the local [economy] from which each store's income is derived.

Candy, rubber goods, drugs and cigars made in New Haven are included in the merchandise which is being featured. In fact, the biggest seller at the cigar counter is a cigar made up especially for the store and sold there exclusively. It is called "Church and Chapel," the names of the two streets where the store is located. The cigar box shows a picture of the New Haven, Liggett store.

40 years ago

LOS ANGELES, Calif., 1948 — Full advantage is taken of a bus-stop corner location in the design of a new Thrifty drug store at Colorado Blvd. and Lake St., Los Angeles. A projecting structural canopy and recessed corner opening provide convenient waiting space, while the store's all glass front makes the most of this situation. Window glass slopes inward to reduce reflection.

30 years ago

INDIANAPOLIS, Ind., 1958 — Haag Drug, Indianapolis, was prepared for any sort of weather when in a June ad it advertised cooling units on one side of the page and electric blankets on the other.

20 years ago

TWINSBURG, Ohio, 1968 — Revco offered a 50¢ discount on any Revco label vitamin in exchange for an empty bottle of any brand vitamin in one ad, and in another kicked of its "Stork-Aid" 10 percent discount on baby products for babies up to three years old.

10 years ago

SEATTLE, Wash., 1978 — After 12 years and a total of five stores, Pay 'n Save is leaving the Canadian market for home. In a transaction totalling approximately $2.25 million to be paid over a 10-year period, the Seattle-based chain is selling its Canadian operation, Pay 'n Save Drugs Ltd., to the National Group of Management Services, a Canadian firm.

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SPECIAL SAMI/BURKE REPORT

Private label dollar sales levels for drug stores in 10 geographically dispersed major markets 12 weeks ending July 15, 1988

(dollar share in drug stores)

Market	Natural vitamins, minerals, supplements	Synthetic vitamins	External analgesics	Cold remedies	Baby oils, creams, lotions	First aid products	Baby powders	First Aid antiseptic	Internal analgesics	Dental aids
Boston	37.3%	32.6%	23.8%	11.9%	23.5%	17.8%	16.3%	17.0%	14.7%	13.4%
New York	48.7*	30.5	27.0	7.6	19.8	21.0	19.0	16.7	10.1	15.3
Atlanta	30.2	31.7	29.8*	16.2	27.3	27.9*	24.6	22.6	18.3	13.1
Miami	29.0	23.6	22.9	9.7	11.7	22.3	15.4	18.9	10.6	13.8
New Orleans	32.6	26.5	26.9	12.9	18.5	24.5	22.0	21.2	14.0	13.9
Cincinnati	43.8	36.0*	23.6	15.1	27.0	25.6	27.5	19.2	16.0	19.7*
St. Louis	16.6	15.3	9.6	6.5	8.7	11.8	11.8	14.0	7.5	17.9
Dallas	25.5	29.6	28.5	16.9*	30.5	27.9*	26.4*	23.3*	21.2*	13.9
Denver	17.6	24.2	13.4	5.3	9.9	10.5	6.6	12.3	7.4	5.3
Los Angeles	28.6	28.9	23.7	12.8	32.8	16.7	22.0	15.9	11.5	13.2
Total U.S.	33.5	30.5	23.7	12.8	22.2	19.8	18.9	18.3	14.4	14.3

* Highest share among geographically dispersed markets

Source: SAMI/Burke

PL garners 9% of drug stores' dollar volume

Product
Tracking
Alan
Miller

Since 1970, SAMI has been issuing detailed reports on national private label trends in food stores on an annual or semiannual basis. When generic labels became an important competitive factor, we became the font of industry knowledge as to the comings and goings of the plain wrap entries.

The store brand peak among the 100,000-plus food outlets represented in our tracking service was reached in 1982, when a combination of inflation and recession in the economy created a high level of price consciousness among consumers.

Now for the first time we have both national and local market data showing the performance of private label brands in drug stores. With this new data, we are able to compare drug store private label sales with those in food stores. We are also able to see the differences in drug store private label dollar shares from one market to another.

This report will attempt to shed some light on both variables, based on sales movement data for the 12-week reporting period ending July 15, 1988.

Of the 52 H&BA product categories which have been tracked by SAMI for more than two years, there are private label competitors in 49. The only categories with no store brand activity are cream deodorants, proprietary tranquilizers and razor sets.

In 19 H&BA categories, drug store private labels command a share greater than 10 percent. In all 52 categories combined, they accounted for $168 million for the 12-week period. On an annualized basis that amounts to about $700 million, or 9.2 percent of total dollar volume. This is more than double their share in the same 52 categories in food stores (currently standing at 4.3 percent).

The highest PL penetration levels among drug stores are found in vitamin categories: a 33.5 percent in the case of natural vitamins, minerals and supplements and 30.4 percent for synthetic vitamins. The food store shares also exceed 30 percent in these two categories. The third highest share level is 23.7 percent, in the external analgesics category. Here, the food store penetration level is nearly 7 share points higher.

In most of the proprietary remedies, private label shares in drug stores are substantially higher than in food stores.

For example, in first aid antiseptics, private labels account for 18.3 percent of 12-week dollar volume in drug stores, but only 9.8 percent in food stores.

Among cold remedies and proprietary sleeping aids, the difference between outlets is even greater. For cold remedies, the shares are 12.8 percent in drug stores versus only 4.6 percent in food stores; for proprietary sleeping aids, the comparison is 12.1 percent for drug stores and less than 1 percent for food stores.

The category with the highest 12-week private label dollar volume in drug stores is internal analgesics, with $23.6 million. Second is synthetic vitamins with $22.1 million. Although the private label drug store share among external analgesics is 23.7 percent—third highest—the dollar contribution amounted to only $6.2 million.

We have also recorded the shares among the top 10 H&BA categories ranked on a national drug store share basis for each of 10 major, geographically-dispersed SAMI markets.

Here we see that certain markets, such as Dallas/Ft. Worth and Atlanta, generally are strong private label markets overall, and St. Louis and Denver generally bring up the rear. These findings can probably be traced to the merchandising policies of the leading retailers in the various markets.

We have been observing this fact of life among food stores for close to 20 years and so it comes as no surprise that there are peaks and valleys in the acceptance of private labels in drug stores from one market to another.

B7A
B3A
TOIL
SAVE Walgreens Gold Seal Economy Size Vitamins
Vitamin Headquarters
Walgreens Finest Natural Vitamins and Minerals
Walgreens Gold Seal Vitamins

Capitalizing on the fact that the highest PL penetration levels among drug stores are found in the vitamin category, the Walgreens unit in Newton, Mass. puts the chain's brand on an endcap.

H&BA categories with highest 12-week private label shares Dollar basis, drug stores vs. food stores

(Period ended July 15, 1988)

Category	12-week private label share Drug Stores	Food Stores
Natural vitamins, minerals, supplements	33.5%	35.4%
Synthetic vitamins	30.4	31.1
External analgesics	23.7	30.3
Baby oils, creams, lotions	22.1	18.5
First aid products	19.8	16.4
Baby powders	18.9	14.4
First antiseptics	18.3	9.8
Internal analgesics	14.4	6.7
Dental aids	14.3	13.6
Cold remedies	12.8	4.6
Sleeping aids	12.8	0.9
Pre-shaving lotions	12.7	1.7
Toothbrushes	12.2	4.9
Cough remedies	12.1	4.0
Feminine douches/washes	12.1	4.0
Denture cleaners	11.6	2.2
Laxative & stool softeners	11.5	5.2
Deodorants & talcum powder	11.2	1.7
Nasal spray, drop, inhaler	10.6	4.9

Source: SAMI/Burke

Alan Miller is consultant to SAMI/Burke, Inc., and former vp of sales service at Selling Areas Marketing, Inc.

Automation takes the drug store industry by storm

By Susan Ball

Drug stores are plugging into the electronic age with a speed and gusto matched only by the rate at which the technology is surging into new areas.

Even smaller chains and independents are entering the world of automation; with pharmacy computers almost as common in drug stores now as freezers are in supermarkets, more and more drug store operators are looking to point-of-sale (POS) systems, scanning and beyond: to such capabilities as electronic credit-card authorization and third-party processing, and, looming on the horizon, electronic funds transfer.

For leaders in drug store automation, such as Pay Less NW, Rite Aid and Walgreens, the commitment to chainwide automation has already been made and is being implemented. A few, such as Pay Less NW, Osco and Thrifty, have POS systems in place in all their stores; others are steadily progressing toward that goal. Still others, such as Rite Aid, are pausing in their push toward chainwide systems while they assimilate acquisitions.

A major challenge for these leaders surrounds the human factor: how to bring their people on-line in terms of understanding and acceptance of the technology, and how to use the mass of new information available to the best advantage in running their stores.

"The major chains are studying and making the transition," said Ted Rosner, manager of operations at the SupeRx division of Hook-SupeRx. "The impact [of automation] is phenomenal and affordable."

Must do it gradually

The technology is necessary, Rosner said, "in order to handle our future; but if you don't do it gradually, it becomes a bottleneck rather than a boon."

SupeRx, which has POS chainwide, pluggable to scanning, has introduced more sophisticated capabilities one phase at a time; "otherwise, you lose people," Rosner said. "Once our people get used to daily and weekly balancing with POS, we'll take them to scanning, and then to the next phases."

For Pay Less NW, which has had POS for about five years and has installed scanning in 70 of its 255 stores, the challenge now is to "utilize the information more fully," said James Baer, vp-electronic data processing.

The processing of the masses of data gathered by POS and scanning systems requires a major investment of time as well as money, and many drug chains, and even supermarkets, are a long way from utilizing the data to the fullest, even if they have the costly central data-processing units necessary to do so.

But while automation leaders are facing the problem of how to put the data to maximum use in operating their stores, many chains are still struggling with testing systems, figuring out how to protect investments in existing equipment as they upgrade, and working out a timetable for installing equipment chainwide.

For example, Wayne Cammack, the new vp-manager of information services, at Shoppers Drug Mart in Canada, said SDM put all systems development on hold last winter, in order to take stock of the marketplace, their internal information systems and the company's direction for future growth.

Standardization of systems

The chain is now moving toward standardization of systems. It has chosen one vendor for implementation of pharmacy computerization chainwide (about half of its 600 store have pharmacy computers) and one store-level accounting system and is in the process of evaluating POS vendors. Eight stores already have one type of POS equipment, and from those, "we've learned a lot about installation, how to operate them, how to gain the maximum benefits," said Cammack.

The very definition of POS is hard to pin down. It can simply mean electronic cash registers, and it can mean much more: functions such as automated pricing, time and attendance, electronic mail, movement tracking, productivity tracking and security reporting, to name a few.

Systems can be tailored to individual chains' needs. At Fay's, for example, POS currently consists of electronic cash registers that have promotional price lookup—vital to this highly promotional chain.

With promotional price lookup, a chain can post signs telling customers the sale price that will be entered at checkout, eliminating re-stickering each item for the sale, and then stickering again when it's over.

"It's a tremendous savings of labor, aggravation and dollars. It allows you to capture the data so that you know how each item did vis-a-vis the ad," said one manager information services specialist at another chain. "That alone can pay for a system."

Determining whether POS is cost-effective "can be fast or can take a year to analyze," said John Frazzini, general manager of Stores Automated Systems Inc. (SASI).

"The information gathered becomes valuable very fast with more than one store," he continued.

Point-of-sale and scanning at drug chains

Retailer	Total drug stores	With POS No.	With POS %	With scanning No.	With scanning %
Osco	650	650	100%	140	21%
Rite Aid	2,138	631	30	631	30
Hook-SupeRx*	694	337	49	7	1
Thrifty	655	260	40	2	3
Pay Less NW	255	255	100	70	27
Eckerd	1,577	225	14	0	0
Fay's	150	150	100	3	2
Brooks	348	100	29	3	1
Thrift	423	89	21	89	21
Arbor	80	80	100	0	0
Peoples	813	70	8	70	8
Dart	66	66	100	0	0
Kent	72	42	58	0	0
Thrifty-White	59	34	58	1	2
Medicare-Glaser	86	28	33	3	3
F & M	55	15	27	15	27
Perry	223	12	5	12	5
Snyder	61	12	20	1	2
Shoppers Drug Mart	600	8	1	8	1
Kinney	28	4	14	0	0
Drug Fair of N.J.	30	4	13	4	13
Longs	233	2	1	2	1
Genovese	85	3	4	3	4
Big V	102	1	1	1	1
CVS	734	1	0.1	1	0.1

*Hook-SupeRx figures include the entire division of 337 SupeRx stores equipped with POS, and 357 unequipped Hook stores.

Source: *Drug Store News* research

Five years ago, it might have cost about $150,000 to equip a 15-lane store with POS terminals and one control device in the back. Today, for $200,000, such a store could have two controllers, enough disk space to put all items on file, and terminals with scanners, according to one estimate. In other words, with a relatively small increase in investment, chains can get a bigger, better, faster system.

There have been rapid changes in POS technology since the first generation was introduced in the 70s. The equipment has become more flexible, easier to program and easier to operate. And where older systems had a fixed number of capabilities, systems now are designed to integrate added features, so retailers can grow with the system they have. A chain might not initially choose to handle credit-card authorization electronically, for example, but can add that function later. "The features are available," said Frazzini. "Whether you want to take advantage of them now depends on your needs."

When SupeRx, for example, bought a POS system in 1984, the vendor, Tech America, provided ROM-based (read-only memory) registers but agreed to later convert them to RAM-based, or host-programmable, so that down- and uploading is done centrally through the corporate mainframe. Scanning can be added when the chain chooses. "We bought tomorrow's technology," said Rosner.

SupeRx's system includes daily and weekly balancing, daily cashier reporting, video rentals, lottery functions, departmental movement reporting and gross profit reporting.

In what might seem a minor feature, the chain's POS system also has allowed it to comply with new federal regulations on deposit of checks without modifying the equipment.

Now that SupeRx is 100 percent POS-equipped, the company is moving to continue already scheduled updating of the recently-acquired Brooks division with POS, after which the Hook division is scheduled to be converted.

Some chains have gone beyond basic POS and scanning capabilities. Pay Less NW, for example, already offers such services as electronic credit-card authorization and electronic funds transfer (EFT).

While electronic credit-card authorization systems are already being installed or tested at several chains, electronic funds transfer is at the cutting edge of paperless transactions at the register and may be the wave of the future for drug chains. EFT, using automatic teller bank cards or "debit cards," speeds up checkouts, a major plus for consumers. The EFT transaction can take as little as 10 seconds.

Another benefit

Another benefit to customers is that it streamlines the identification process. The customer enters a secret personal identification number, or "PIN" number, in the POS system, and if the bank approves the transaction, it is complete. Shoppers also save money on buying paper checks.

For retailers, the faster transaction and convenience afforded by EFT translates into increased sales and reduced labor costs, plus better security.

Representing automation on a truly large scale is the Carrefour Hypermarket in Philadelphia, which has adopted the Grocery Management System (GMS), from ICL North America. The installation contains the largest single scanning site of POS terminals in the country—61 front scanning lanes, plus six other POS terminals throughout the store. It also includes networked microcomputer-based retail control-

Continued on page 34

Thrifty•White tests electronic credit card authorization in two Jamestown, N.D. units

MINNEAPOLIS — Thrifty • White, based here, is testing electronic credit card authorization in two of its stores, both located in Jamestown, N.D.

Like many other chains, the 59-store chain sees the magnetic-stripe card verification system as a way to achieve quicker authorization on MasterCard, Visa and other card transactions and to make funds available more quickly for Thrifty•White to put to other uses.

"More people are using credit cards now, and it was getting burdensome to process them the old way," said Henry C. Beinert, president of White Drug Enterprises.

"The transaction takes a very short time, and there is no dialing of numbers or writing the proper authorization number, which cuts down employee mistakes," Beinert said.

The chain chose the Envoy Co. for the test, partly because it also offers the option of electronic processing of third-party claims, a feature the chain may add eventually.

In evaluating the test, Beinert said the chain will be looking at how well employees adapt to the procedure, how fast the cash actually can be moved back into the main account and whether it saves time and money at store level.

Scanning is becoming accessible to drug chains

Scanning, once considered "the expensive toy of retail food stores," in one drug store executive's words, is becoming accessible to drug chains.

Just a few years ago, most drug chain execs weren't even thinking of scanning. But several factors have changed their minds: the cost has come down, enough product lines in drug stores are now UPC-coded to make it feasible, technology has improved and the equipment is more compact.

Moreover, "the fact that it's a proven technology [from over a decade of use by many supermarkets] is very important," said Wayne Cammack, vp-manager of information services (MIS) at Shoppers Drug Mart.

"Drug stores don't save money because scanning is faster. Although it allows improvement in customer satisfaction by checking them out faster, you still have to man the cash register for any number of customers. Scanning allows you to keep up with customers with the same amount of labor," said John Frazzini, general manager of Stores Automated Systems (SASI).

But scanning's advantages for drug stores include:

- It cuts down on price-marking products, which saves labor and increases reliability.
- It affords cashier accountability through polling drawers and cash reporting.
- It provides a more precise picture of what is being sold at checkout, capturing more information more accurately than by manual key-in.

Frazzini, who was formerly a MIS executive at Perry Drug Stores, tells one story from his Perry days to illustrate the value of POS with scanning [all numbers used are "ballpark" rather than real, as Perry's actual sales numbers or percentages are confidential]:

"We were examining the POS gross-margin report from one of our stores and found a three-digit negative number indicating we were selling baby milk under cost [approximately $1.75 versus about $2.05]. I asked why we were losing 30 cents per item sold, and the store manager replied that it was necessary to be competitive and also that selling baby accessories made up for the gross margin loss. I asked what the gross margin was across baby products and was told 24 percent."

Frazzini suggested raising the price of baby milk to $1.99 for about six weeks, while instructing the system to monitor baby milk and accessories.

"What we found was that the same number of customers bought baby milk and about the same amount of baby milk was sold. Moreover, the gross margin was higher—27 percent. Not only that: a nearby store raised its baby milk price to $1.99. We didn't lose any customers and sold the same amount of milk, but at 30 cents higher."

Where a scanning device used to cost between $3,000 and $4,000, one slot or handheld device costs about $1,500 now. Moreover, older scanning systems required a generator (which could cost another $60,000) and special cooling equipment, whereas recent systems don't.

The newer slot-scanning equipment is also less bulky and provides a better "read." The more compact units have cut installation costs, retailers say, so that "all you need is a carpenter with a saw to make a hole in the counter and drop it in," said one MIS exec.

Add scanning with little fuss

A chain like SupeRx, a division of Hook-SupeRx, which has a POS system pluggable to scanning, can add scanning with minimal fuss by installing a file controller and reader.

For Pay Less NW, which has installed scanning in 70 of its 255 stores and plans to be equipped chainwide within the next two years, the main purpose of scanning is customer service, with its labor-saving possibilities secondary.

"There's no question that scanning is cost effective," said Jim Baer, vp-electronic data processing. "But while cost and information justification is important, the top factor is service. Scanning reduces labor efforts, but those efforts will be channeled to serving customers."

Automation

Continued from page 31

lers, 24 personal computers and a back-office merchandising system.

Among other things, the system can provide on-line credit card authorization and purchase without traditional credit card forms, electronic approval of customer courtesy cards and automatic printing of store name and purchase amount on personal checks.

The back-office system performs sales transaction processing, stock inventory control, interface to hand-held scanners, promotional planning and control, and other functions.

An in-store Local Area Network (LAN) links communications among systems, both instore and with corporate or regional offices.

DIAMONDS ARE FOREVER
DRUG STORE NEWS
60 Years of Drug Store Retailing
DRUG STORE NEWS

AND YOUR AD IN THIS SPECIAL COMMEMORATIVE ISSUE MIGHT LAST JUST THAT LONG.

To celebrate the diamond anniversary of 60 years of drug retailing, Drug Store News will make this December issue one to remember—a special salute to our industry and to the suppliers and retailers that have contributed to its success.

This keepsake edition will be one of our best ever—a review of the past 60 years and a peek ahead into the next century. It will be packed with retailing success stories, milestones of dynamic change, people and personalities that built dynasties and made or lost fortunes along the way. It's an issue that will be saved, read and re-read by key chain executives for many years to come. And as a special bonus, all advertisers and retail drug chain CEOs will receive this issue in a custom, hard-bound cover to commemorate the occasion.

If you've been an active player in drug store retailing —a manufacturer that can parallel its success with that of the drug store industry over the years... or a supplier whose more recent emergence has significantly contributed to plus sales and profits... we're sure you'll want to be a part of this celebration.

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BEAUTY TRENDS

Drug chains battle for hair care market share; economy brand promos generate strong profits

Buyers report that chain drug store sales of hair care products are flat to up about 10 percent, depending on the chain and the market.

Many chains are reporting flat sales due to the lack of major new product introductions in this category and to intensifying competition from food, mass merchandise and deep discount drug chains, many of whom often advertise or stock brand name hair care items at sharply discounted prices.

Those chains that do report some growth say it is partly due to the fact that they are putting more promotional and advertising support behind the economy brands, whose high turn rates generate strong dollar profits.

Many chains also are expanding their merchandising and advertising of the more upscale brands like Pantene, Sassoon, Jhirmack, and Jheri Redding, as well as the salon lines like Aussie, TRESemmé, Infusium and All Set.

The chart below shows how manufacturers are promoting their hair care product rollouts.

On the following pages, Drug Store News *profiles merchandising activity at prominent drug chains, and presents hair care product market data from A. C. Nielsen Marketing Research.*

Hair care: new product launches*

Brand	Manufacturer	Quarter of launch	Comments
Pantene Style & Hold	P & G	3rd '88	Line extensions: Three new SKUs: a spritz and two unscented hair sprays.
Nice n' Easy	Clairol	3rd '88	Line extensions: three new shades.
Aqua Net	Fabergé	3rd '88	Line extensions: Pro-Spritz Aerosol Styling Spritz in scented and unscented ultimate hold formulas. Also new line of Professional Non-Aerosol sprays, shampoos, conditioners, gels, and mousse.
L'Oréal Frost and Design	Cosmair	3rd '88	New Line. Strengthens and conditions hair during frosting process. Especially good for permed hair.
Clairol Condition Styling Gel Maximum Hold	Clairol	3rd '88	Line extension: Now a three-SKU line.
Perma Soft	Lamaur	3rd '88	Line extensions: Gel and Gloss and Spritz and Shine.
Dippity-Do	Gillette	3rd '88	Line extensions: Eight-ounce pump and three new styling aids: Hair Zapper Styling Spritz, Crazy Glaze Styling Liquid, and Hot-Do Thermal Conditioning Styler.
Clairol Balsam Color	Clairol	3rd '88	New packaging.
Agree	S.C. Johnson	3rd '88	New package and new formula. Also a Moisture Rich shampoo and conditioner line extension.
FREEZ'2000	Image Labs	3rd '88	New spray with superior holding power. Not sticky. Dries fast.
Clairol Condition Styling Mousse with Maximum Hold, Hair Spray with Maximum Hold, and Spritz	Clairol	3rd '88	Line extensions.
Loving Care No Peroxide Color and Color Mousse	Clairol	3rd '88	New packaging and new ad campaign.
Treatment de Pantene Vitamin Moisturizer de Pantene	Pantene	3rd '88	New line of intensive hair conditioners.
Revlon Perfect Touch Styling Perm	Revlon's Professional Products Division	3rd '88	Designed for longer-lasting support.
Final Net Ultimate Hold Hair spray	Clairol	3rd '88	Line extension.
Finesse	Helene Curtis	3rd '88	Major relaunch. New formula and packaging. $40 million ad support.
Freeman Australian Tea Tree Oil Shampoo	Freeman Cosmetics	2nd '88	Line extensions.
Power Pac	Duart Industries	2nd '88	Deep conditioner to revitalize damaged hair. Works in five minutes.
Alberto	Alberto Culver	2nd '88	A $19 million ad budget will support the entire Alberto line this year. There's also a new company spokesperson, model Patrick St. Clair, who portrays the stylist, Alberto, in TV and print ads.
White Rain	Gillette	2nd '88	Line extensions: Baby shampoo/ conditioner.
Aqua Net	Fabergé	2nd '88	Aqua Net non-aerosols have been repackaged, reformulated and SRPs have been lowered. Support includes print campaigns that will break in May and run through July. $1-off and two 25-cents-off coupons will be distributed. Pro-Spritz aerosol is a line extension.
Conair Hot Shot	Conair	2nd '88	Non-aerosol line of protective styling mists.
Wella Shock Waves	Wella Corp.	2nd '88	New line geared to teens.
Organics	Fabergé	2nd '88	Reformulated and repackaged New formula contains pan thenol, pro-vitamin B5 and protein to make hair stronger. $12 million is supporting the relaunch.
Queen Helene Designing Collection	General Therapeutics	2nd '88	New three-SKU line of styling products: gel, lotion and shampoo.
Condition	Clairol	2nd '88	Line extension: Spritz Pump Hairspray.
Hair Muscle	Modern Research Labs	2nd '88	New line of deep conditioning products for the hair: Four SKUs.
All Set	DeMert & Doughterty	2nd '88	Line extension: Aero Spritz in travel size.
Nutri Tonic	Del Labs	2nd '88	Expanding distribution. Was only available on West Coast. Also introducing Thicken-It Shampoo; Renew-A- Perm spray and Perm-a-Curr mousse.
Paul Mitchell Symmetry Wave	Paul Mitchell Systems and Gillette	2nd '88	Joint venture. New product will be for salon use only.
Hi-Pro-Pac	New Concepts for Beauty	2nd '88	Line extension: new conditioner for permed and chemically treated hair.
Folicure	Pantresse Inc.	2nd '88	First professional line from new company for retail distribution. One-third the price of comparable department store brand. Thinning hair treatment plus shampoo and conditioner.
Sea Mist Finishing Spritz	Freeman Cosmetics	2nd '88	Line extension.
All Set Ultra	DeMert & Doughterty	1st '88	Line extension: Nonaerosol pump spray. Ultraviolet sunscreens to protect hair.
Studio Line	L'Oréal	1st '88	Line extensions: Four new styling aids.
Roux Fanciful X-tra Body Temporary Hair Color	Revlon's Professional Products Div.	1st '88	Line extension.
Clean & Clear	Revlon	1st '88	New line. New cleaning system removes residue from hair and prevents build-up.
Solution for Thinning Hair	Freeman Cosmetics	1st '88	Line extension.
Jheri Redding Salon Tropics	Conair	1st '88	Tropical scents, plus formula contains "Thermoshield" to protect hair from heat.

*For ethnic hair care new product launches, see *Drug Store News*, Sept. 12, 1988, p. 22.

Source: *Drug Store News* research

Economy brands boost sales 10% for Discount Drug Mart

David Boodjeh, who buys hair care items for Discount Drug Mart, headquartered in Medina, Ohio, says that in the last few months, his stores have seen about a 15 percent unit growth in hair care sales and about a 10 percent increase in dollar sales.

Boodjeh says the growth is coming from Drug Mart's expanding support of the economy brand shampoos, conditioners, and styling aids. "They've taken over from the premium-priced brands that we no longer carry exclusively," he says.

Boodjeh says that these days he'd just as soon not carry some of the premium brands like Ivory, Head & Shoulders or Prell, because "I can't make any money on them. Everybody is giving them away.

"But because of the way we're able to buy the economy brands, which is often by the truckload, we're able to price very competitively yet still keep our margins. That's why our dollar sales and our profit dollars are increasing on these lines.

"We're selling 10 of the economy brands for every one of the premiums, and since we're buying truckloads versus small lots, our margins are better."

Boodjeh says that some of his best sellers right now are White Rain, Aqua Net and L'Oréal's Ultra Rich, all of which he retails for under a $1, usually 99 cents.

In styling aids, which is the strongest growth segment in hair care right now, sales in Boodjeh's stores are up about 15 percent in dollars and 20 percent in units. His best sellers are still the economy brands: White Rain and Aqua Net, especially.

Because price is important to Drug Mart customers, Boodjeh reports that most brands that offer consumer values such as rebates or low prices do well in his stores. He says White Rain, which has been doing some heavy rebating in recent months, has "taken over the market in my stores."

Salon Selectives, one of last year's major line launches, is continuing to do well in Drug Mart stores, but Boodjeh says the line now sells well "only as long as they promote. When they're not promoting, I don't see that much of an everyday demand for it." He added that Textra, another of last year's launches, has settled in and has a stable business, but no dramatic growth or strong promotional surges.

Clairol's Condition and Neutrogena do well in Drug Mart, but although Revlon's new Clean and Clear was selling strong at first, sales have since tapered off somewhat. "We haven't had the problem with getting stock that some

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Vereen Ad Tracking

Chart 1: Percentage of print ads focused on hair care and assorted toiletries in drug, food and discount chains, June 1988

(Percentage of total ad space in print ads)

	Drug Stores	Discount stores	Food stores
Hair care and accessories	7.5%	4.4%	7.8%
Skin care/sun care	9.1	3.9	4.9
Deodorants	2.1	1.6	3.6
Mens' toiletries	4.1	2.9	3.2
*Women's cosmetics	2.6	1.3	1.2
Nail care	1.0	0.4	1.1

*Excluding nail care
Source: Vereen & Associates

Chart 2: Most frequently advertised hair care brands

(Percentage of June 1988 mass market retail print ads)

White Rain, Gillette	8.6%
Condition, Clairol	5.3
Salon Selectives, Helene Curtis	3.6
Studio Line, L'Oréal	3.6

Source: Vereen & Associates

Chart 3: Most frequently advertised categories in hair care

(Percentage of June '88 mass market retail print ads)

***Styling aids**	39%
Shampoos/conditioners	29
Hair sprays	18
Color	8
Brushes and accessories	2
Perms	2
Other	2

*Includes mousse, gels, spritzers and other fixatives

Source: Vereen & Associates

Chart 4: Comparison of advertised prices for hair care products

(Chain drug print ads for June 1988)

Product	Size	Ad Price	Chain
Preference		$3.99	Osco
Preference		4.99	Peoples
Preference		4.49	Pay Less
White Rain	16 oz.	0.99	Osco
White Rain	16 oz.	1.19	Rite Aid
Studio Line Mega Gel, spray and spritz		2.29	Drug Mart
Studio Line Mega Gel, spray and spritz		2.44	Longs
Clean & Clear	11 oz.	1.89	Eckerd
Clean & Clear	11 oz.	2.69	Hooks
Salon Selectives shampoo/conditioner	15 oz.	1.69	Perry
Salon Selectives shampoo/conditioner	15 oz.	1.99	Walgreens
Aqua Net Non-aerosol	8 oz.	0.88	Osco
Aqua Net Non-aerosol	8 oz.	0.99	CVS
Condition gel	4 oz.	1.29	Longs
Condition gel	4 oz.	Four for $5	Drug Emporium

Source: Vereen & Associates

Chart 1: Hair care sales trends in drug stores

Segment	*Retail Drug $ sales (millions)	% change vs. year ago	Share of all mass market retail sales
Shampoos	$ 376.4	7.5	28.5
Hair color	290.2	11.2	54.1
After shampoo/ conditioners	261.0	6.2	36.2
Hair fixatives	196.0	13.8	30.4
Ethnic hair care	156.9	2.4	55.3
Home perms	65.1	0	49.6
Men's hair preps	52.3	3.2	39.0
Mousse	52.2	(12.6)	33.8
Total	1,450.1	6.8	36.9

Source: Nielsen Marketing Research

Nielsen: Hair care sales up 7%

Nielsen Marketing Services reports that hair care sales in retail drug stores are up nearly 7 percent, to $1.45 billion.

Most of the growth is coming from the hair fixatives category, including gels, mousses, spritzes and sprays. The category is up nearly 14 percent, to $196 million, for the year ending June 30.

The hair color segment is up 11 percent, to $290 million.

Mousse is still down in drug stores. Nielsen estimates that mousse sales declined almost 13 percent to $52 million for the 12-month period that ended last June.

Mousse is still a good category for drug stores, but it is losing sales because many consumers are switching from mousse styling aids to gels, spritzes and sprays.

During this past year, drug stores continued to strengthen their market share of hair color sales. The drug store industry gained half a share point to end the year with 54.1 percent of all mass market retail hair color sales.

They also strengthened their position in perms, ending the period with a 49.6 percent share, up .7 over last year. Food stores continued to be the dominant source of purchase for after-shampoos or conditioners, but drug stores picked up .2 in this category for the 12-month May-June period.

Food stores are also dominant in shampoo sales, ending the year with nearly 51 percent of all mass market retail sales. However, that was down .8 from last year. Mass merchandise stores were the winners in this tug of war. Their share of market went up .8 to 21.3 percent for the period.

Food stores are also very strong in fixative sales, ending the period with a 44.9 percent share. However, food stores' share of fixative sales went down .3 for the period, and drug stores' share went up seven-tenths. Mass merchandisers also lost .3 to end the period with a 24.7 percent share.

Overall, drug stores ended the 12-month May-June period with a 36.9 percent share of all mass market retail hair care sales. That was up .3 from last year. Food stores ended the period down .4 to a 40.5-percent share, and mass merchandisers stayed the same at a 22.6-percent share.

Lotions pace manufacturers' sales

According to Kline & Co., a New Jersey-based market research company that monitors manufacturer sales into retail outlets, the lotion segment of the hair fixatives category, which is primarily spritzes, was up about 80 percent for calendar 1987.

Kline says gel sales also grew dramatically last year, up 35 percent over 1987. Mousse, however, was down in the fixatives segment. Kline reports the 1987 manufacturer sales for mousse were off by 10 percent.

Hair sprays were up 10 percent overall, Kline says. Aerosol sales grew faster than the category as a whole. Kline says aerosol's manufacturer sales in 1987 were up about 12 percent.

Chart 2: Share of hair care dollar sales by retail outlet

Segment	Drug Stores % share	Food Stores % share	Mass Merchandise % share
After-shampoo conditioners	36.2%	43.2%	20.7%
Shampoo	28.5	50.6	21.0
Hair color	54.1	19.9	25.9
Hair fixatives	30.4	44.9	24.7
Ethnic hair care	55.3	23.1	20.6
Men's hair preps	39.0	42.3	18.6
Home perms	49.6	20.5	29.9
Mousse	33.8	42.1	24.0
Total	36.9	40.5	22.6

Source: Nielsen Marketing Resarch

More space and ads spur Perry Drug's hair care growth

At Perry Drug Stores in Detroit, Steve Lund, the assistant vp of merchandising for health and beauty aids, reports that the total hair category is up "substantially" in his stores, but practically all of the growth is coming from merchandising changes that Perry has made in the last eight to ten months.

In an effort to broaden its appeal as a traditional drug store, Perry is giving expanded space and greater advertising attention to all its core H&BA categories, including cough and cold, vitamins, and first aid, as well as hair care.

"Our sales are up substantially, but it's because we're more aggressive in merchandising and advertising hair care, as well as our other H&BA categories," Lund says.

Perry used to merchandise

Continued on next page

Chart 3: Market share trends for conditioners

(Percentage share of total retail sales)

Outlet	1985	1986	1987	1988
Food	43.6%	43.7%	43.5%	43.2%
Drug	37.1	37.0	36.0	36.2
Mass merchandisers	19.3	19.3	20.4	20.7

Source: Nielsen Marketing Research

Chart 4: Market share trends for shampoos

(Percentage share of total retail sales)

Outlet	1985	1986	1987	1988
Food	51.9%	51.6%	50.8%	50.6%
Drug	27.4	27.9	27.9	28.5
Mass merchandisers	20.7	20.5	21.3	21.0

Source: Nielsen Marketing Research

Economy promos pay off for Discount

Continued from page 44

people have had," Boodjeh says, "but it's not selling as strong as it was. It may be they are advertising less now. That, of course, has a lot to do with how well a line sells."

Boodjeh doesn't buy hair color, but he says that segment has been relatively stable for Drug Mart. He estimates sales are up about 5 percent, and the best sellers are in the permanent color category, particularly Nice & Easy and Preference.

Drug Mart also has a professional hair care set in all of its stores. There is a minimum of at least four feet in each store, and Boodjeh says the chain would like to expand it but is having a problem with space. He estimates sales in the department are up 10 percent. Boodjeh says most of the lines in the department are selling well, including TRESemmé, All Set, and the Aussie line.

In mass market styling aids, Bold Hold is doing very well for Drug Mart, but Studio Line is showing a little softness.

In evaluating the new products now entering the market, Boodjeh says he thinks the new premium line that Gillette is planning might do well, and so may the new thermal styling aids that are meant to be used with styling appliances.

Conair is coming out with a thermal aid line called Hot Shot and Gillette has Hot-Do, a thermal conditioning styler.

Boodjeh says this type of products, which has been on the market for a while as salon styling aids, could make it at retail if the manufacturers promote it strongly and explain it well in their advertising.

"If they're promoted, they could do very well," he says, "but Con Air doesn't do that much promoting so we'll have to wait to see what happens."

Aside from adjusting the mix and putting more emphasis behind the economy brands, Drug Mart has not made any dramatic changes to its hair care merchandising in the last year.

However, the chain does try to keep a low price image, and to do that, they have their stores zone-price hair care items, and they are particularly competitive with the top 100 items that are price sensitive.

"We compete with Marc's, which is one of the original deep discount drug chains and very tough," says Boodjeh. "They don't have the selection we do, however, so we'll match them on prices of the items we both carry."

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Buyers report their hair care sales are up an average 10 percent so far this year. Styling aids are still the hottest segment.

Perry's hair care expansion boosts sales

Continued from page 46

hair care in a 16-foot wall set, but the chain is currently in the process of reconfiguring the department. Today, nearly half of all Perry stores merchandise hair care in a 36-foot gondola near the cosmetics department.

"Sales are much better from the gondola set," says Lund. "We started using a gondola about three years ago, but we're only putting it in as we remodel our stores. In about three more years, all of our stores should have this set for hair care."

Lund says that as Perry expands the department, it is filling in more sizes and more flavors or formulas to give customers a broader selection of products to choose from.

At the same time, Perry is also advertising hair care brands more in its circulars, and is advertising brands by line rather then by category segment. As a result, Lund says sales are up for almost all the lines Perry carries, and he adds that in many cases vendor purchases from hair care manufacturers are up by a minimum of 30 percent.

In shampoos and conditioners, some of his best lines right now are Salon Selectives, Finesse, White Rain, and Breck, "now that we're supporting it with promotions."

Gillette's sales are up dramatically, and a large part of that is due to the success of White Rain in Perry stores.

Perry had trouble getting Clean & Clear in its stores early in the summer, but Lund says the supply situation is now under control and Clean & Clear is doing very well for Perry.

Flex is soft in the Perry stores, and Ivory has peaked and is now leveled off. "It's still a very tough, competitive market out here," Lund says, "and although the food stores in this market aren't as aggressive with H&BA as they are in other areas of the country, the competition is intense from deep discount drug chains and discount department store chains."

Lund reports that while the low-end lines are still generating the highest unit movements in hair care, the higher-end lines are getting a greater portion of dollar sales, "and that's good," Lund says, "because I think their success has made the entire category more profitable for us."

Pantene and Jhirmack are doing particularly well on the high end, and so are the professional styling lines that Perry carries, particularly Redmond, Stiff Stuff, TRESemmé, and a regional line called Mastey.

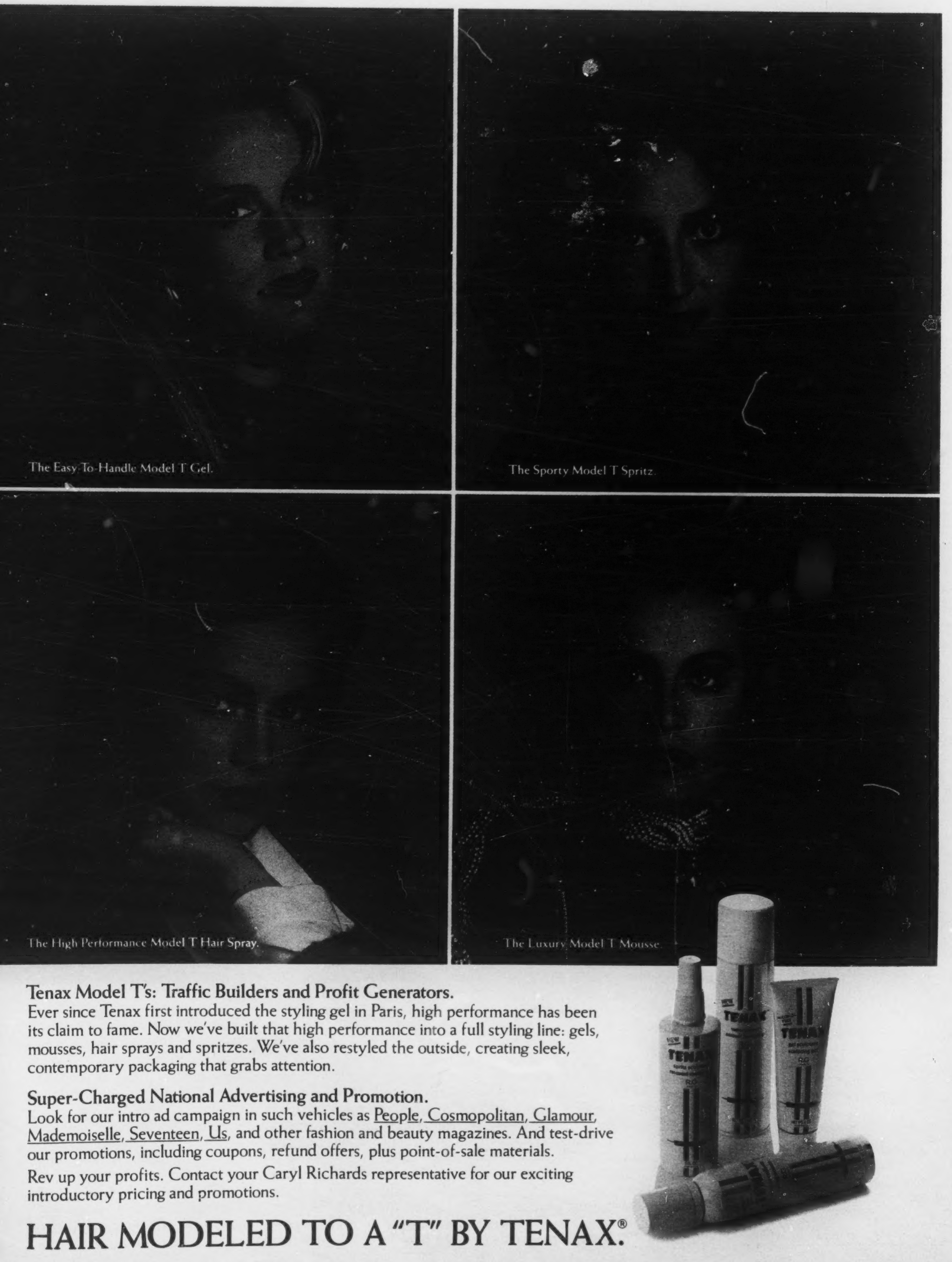
Perry now has a 16- to 20-feet set for professional-style brands in all its stores, and Lund says sales in that section are exceptionally strong.

In the mass market category, gels and spritzes are the two strongest growth segments for Perry, and both are growing at almost double the rate of the category as a whole. L'Oréal's Studio line is doing particularly well in all the fixative categories, and Dep is also doing well. The Jheri Redding spritz is Perry's best seller in unit movement, Lund says.

Lund says that sprays "have also grown as phenomenally as fixatives have grown." Aqua Net and White Rain, he says, account for a substantial portion of all hair spray sales at Perry.

Lund thinks his stores will also do well with the new thermal conditioning styling aids that Conair is bringing out because styling appliances, especially irons, are doing so well right now.

Color and perms have not shown much growth for Perry. Right now both segments are in an off cycle and he doesn't see anything new enough on the horizon to knock them out of their doldrums "in the foreseeable future."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Fay's Drug aims to double professional set space

At Fay's Drug in upstate New York, management is planning to expand Fay's professional hair care set. A source for the chain said the average professional set in Fay's is about four feet now and it will probably go up to about eight feet.

Fay's also merchandises some of the higher-priced mass market lines in with its professional set, usually Jhirmack, Pantene, Vidal Sassoon and Jheri Redding.

Pantene, however, has slowed down in sales somewhat for Fay's and management thinks it's because Pantene has become so readily available at other types of outlets like food and mass merchandise stores. "Everybody has it now," said the source, "so we're doing less business with it."

Fay's sales are the strongest at the higher-priced segment of the hair care market. "A year ago, it was difficult to sell the higher-priced premium brands," said the source. "Now, thank God, we have a nice base of both high- and low-end business."

Among the low-end brands, Suave, White Rain and Revlon's Aqua Marine do very well at Fay's.

Fabergé's relaunch of its Organics line has performed just "so-so" so far at Fay's, the source said. He said it may be because the customers who were loyal to Organics don't recognize it in its new package. "The new packaging is very nice," he said, "but I think people are still looking for the old package. People don't seem to realize that the new package is Organics."

Professional lines and premium brands are selling very well, but chain drug store buyers say competition on the low end brands is so tough that making money in this segment is "virtually impossible."

Right now, Pert Plus is Fay's number one seller in the premium segment. Clean and Clear is second and Salon Selectives, third. Prell, Perm Plus and Neutrogena also do very well at Fay's.

The source said the new Jhirmack Silver formula has also "really taken off" and is a surprise hit with many of Fay's customers.

Textra hasn't been as strong as it was in the beginning of its launch last year. The source said that at Fay's, it hasn't done as well as expected.

Salon Selectives has taken off for Fay's and the source says the line did well from the beginning. "They dropped a lot of coupons for Salon Selectives here, but food stores double coupons in our markets so that could have hurt us, but it didn't."

Finesse is still doing well at Fay's, but the source says it it is not quite as strong as it used to be.

Clean and Clear is doing very well for Fay's, and the source says he was lucky. His rep kept him fully supplied and "we never ran out."

Most of the new products Fay's is seeing are just line extensions and the source says that while that will be okay for Fay's, he'd rather see something more dramatic coming down the pike.

Vidal Sassoon is bringing out a new revitalizing cleanser, Solutions, that looked "interesting" to Fay's management. "It's not a shampoo, but a hydrating complex that nourishes the hair. It's a high price point, but people who use a lot of styling aids, spritzes and gels will need it."

The VO5 Hot Oil has been very strong at Fay's, and its management says that treatment items are doing so well individually that they will probably expand the treatment section soon.

"We're looking for products to put in there," said the source. "VO5 was doing real well, but for a while, it was all I had. L'Oréal's Specific Solutions is doing okay, but it's at the high-end of the category in price and it's not my fastest-mover in the category."

Fay's has also done very well with little packets of hair treatment products. The Revlon Realistic Moist packet and the St. Ives Swiss Formula Hair packet have done extremely well.

Styling aids, however, is still the best growth department at Fay's. Management says everything in that category moves well, from the sprays through the spritzes.

The 99-cent Rave spray is number one in Fay's hair spray department. Aqua Net, Suave, Style, White Rain and Condition are all very good.

Stiff Stuff is still strong in fixatives. The Perma Soft Extra Hold is also good, and the source says "anything that says spritz sells well."

Freeman's papaya spritz is particularly good at Fay's, and so is the Jheri Redding Design Spritz.

The Studio Mega Spritz is the best seller in the L'Oréal Studio line for Fay's. Management says the higher price points has kept the line from taking off as it has in some of the metropolitan markets.

Perms are doing well at Fay's. "For some reason, perms are stronger in the northeast than in other regions of the country. The permed category hasn't dropped off here as it has nationally."

Oglive is number one at Fay's, and Premiere is number two.

Color sales right now are "excellent" at Fay's, sources say. Revlon's Color Silk has been a big success, and one source said the line was "the main reason my sales are up."

Temporary rinse-in or mousse-in colors are doing "terrible" at Fay's, and the chain is now down to just two SKUs of Pizazz. Fay's never stocked Colorific.

Clairol is about to launch a new line called Instant Beauty, and Fay's management thinks it will do well in drug stores. It's a roux rinse that washes out in two to three shampoos and it is aimed at the over-40 market. The source says the shades are attractive and should be very popular for highlighting hair or hiding emerging gray streaks.

Fay's is also testing the new Advantage packages. Fay's dropped Advantage about a year ago. The source said people liked it, but it just didn't seem to get many repurchases. Now the line has a new look and a new price point and Fay's thinks it's worth giving a second shot.

Jose Eber is also selling well at Fay's. Fabergé recently dropped the price point from $4.99 to $3.49, but Fay's said the line actually sold even stronger while it was at the higher price point. "It was doing very well before," said the source. "Now it's a moderate success."

Men's hair color is also doing very well at Fay's. The Just For Men line has more than doubled in sales over last year. The best-selling shades are dark brown and medium brown.

Hair Muscle was a "sleeper" at Fay's. It started off slow, and is now selling exceptionally well.

In treatments, Folicure and Unicure are both doing well; Folicure especially sells well when it's advertised.

> *'A year ago, it was difficult to sell the higher-priced premium brands,' said the source. 'Now, thank God, we have a nice base of both high- and low-end business.'*

Chart 3: Market share trends for conditioners

(Percentage share of total retail sales)

Outlet	1985	1986	1987	1988
Food	43.6%	43.7%	43.5%	43.2%
Drug	37.1	37.0	36.0	36.2
Mass merchandisers	19.3	19.3	20.4	20.7

Source: Nielsen Marketing Research

Chart 4: Market share trends for shampoos

(Percentage share of total retail sales)

Outlet	1985	1986	1987	1988
Food	51.9%	51.6%	50.8%	50.6%
Drug	27.4	27.9	27.9	28.5
Mass merchandisers	20.7	20.5	21.3	21.0

Source: Nielsen Marketing Research

Chart 5: Market share trends for hair color

(Percentage share of total retail sales)

Outlet	1985	1986	1987	1988
Food	18.0%	18.7%	19.8%	19.9%
Drug	52.3	53.9	53.6	54.1
Mass merchandisers	29.8	27.4	26.5	25.9

Source: Nielsen Marketing Research

Chart 6: Market share trends for hair fixatives

(Percentage share of total retail sales)

Outlet	1985	1986	1987	1988
Food	45.1%	45.6%	45.2%	44.9%
Drug	29.2	29.7	29.7	30.4
Mass merchandisers	25.7	24.7	25.0	24.7

Source: Nielsen Marketing Research

Chart 7: Market share trends for men's hair care preps

(Percentage share of total retail sales)

Outlet	1985	1986	1987	1988
Food	43.0%	44.0%	43.5%	42.3%
Drug	36.9	37.0	37.9	39.0
Mass merchandisers	20.1	19.0	18.5	18.6

Source: Nielsen Marketing Research

Rock Bottom deals its way to profits with limited mix

At Rock Bottom discount drug stores, based in Port Washington, N. Y., hair care buyer Norman Klein says that because of all the new styling aids hitting the market, the hair care category has been growing in his stores at a reasonable rate. He estimates that it is up about 10 percent in dollars overall.

As a discount chain, Rock Bottom always tries to price lower than the competition. In hair care, that means Klein always tries to be about 25 percent cheaper than any other store in the market.

Rock Bottom doesn't try to carry a very broad assortment of hair care items. It gives hair care between 12 and 18 feet depending on the size of the store. Because it buys everything on deal, it limits the sizes it stocks. "Our larger sizes do sell much better," Klein says, "but we buy whatever the manufacturer is promoting."

'Our larger sizes do sell much better,' Klein says, 'but we buy whatever the manufacturer is promoting.'

Right now, Finesse and Studio are doing particularly well in Rock Bottom stores. Revlon's new Clean and Clear has started off very well, and Klein reports that in the first weeks it was in the store "we couldn't get enough of it. We'd just stack it up and it would sell itself."

He says Salon Selectives is "fair right now. On a scale of one to 10, a six." Ivory is doing much better in its new packaging, but Klein says it sells best to housewives in the more down-to-earth neighborhoods. "It is not yuppified enough—not sophisticated enough—to sell well in the higher demographic neighborhoods," he says.

Rock Bottom has a policy of selling its ends to manufacturers on a month-to-month basis. Revlon is often one of the manufacturers to buy an end for its Flex line, and Klein says when a brand is on the end, it sells "three to five times faster than it would off the shelf."

Pantene's shampoo and conditioner sell well at Rock Bottom, but Klein says its styling aids are slow. The Condition line sells well there, and so does White Rain.

The styling aids category is currently the strongest segment of hair care for Rock Bottom. Klein estimates sales of gels and other styling aids are up about 25 percent compared to 10 percent for the category as a whole. He does particularly well with Dep and with Studio, and he thinks Con Air's new Hot Shots will do very well when they hit the market.

"A lot of people are using styling appliances these days," he says, "so there should be a real niche for these brands."

Hair color is the only segment of hair care that is planogramed at Rock Bottom. "There are simply too many shades for managers to order," says Klein, "so we planogram it. It's also important that we stay in stock on the popular shades. A woman needs to be able to buy the shade she's using."

Right now Klein says both the color and the perm categories are slow, but he thinks color may show a resurgence in the future, especially in the men's segment and especially as today's youth generation grows older.

His two best brands now are Nice & Easy and Preference.

Chart 8: Market share trends for home perms

(Percentage share of total retail sales)

Outlet	1985	1986	1987	1988
Food	19.8%	20.2%	20.7%	20.5%
Drug	50.4	50.3	48.9	49.6
Mass merchandisers	29.9	29.4	30.4	29.9

Source: Nielsen Marketing Research

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Hair sprays, pro products give body to F & M's hair care sales

In Detroit, a source for the F & M deep discount drug chain reports that F & M's overall hair care sales have been flat so far this year. The source says there is one exception to the otherwise stagnant category: Suave.

"Suave sells very well out here," he reports. "People like the product. They also have a very strong conditioner. We don't advertise it because we're a discount chain, but we stack it up and it sells like mad.

"It also helps that we don't carry the 16-ounce size, as most of our competitors do. We carry the 24-ounce size and we price it for what most people sell the 16-ounce at."

In most areas of the country, buyers report at least some growth for styling aids, even when their overall hair care category is flat. But at F & M, even the styling segment is flat.

"I think it's because of the summer and the heat and people being at the pool," the source said at presstime. "Women seem to be putting off doing things to their hair until the fall."

F & M has been having trouble getting Clean and Clear in stock, but the source says when they do have it, it sells well. He thinks it will be particularly strong in the fall.

Helene Curtis is still dropping coupons for Salon Selectives in Detroit and that's keeping the brand "hot" in F & M stores, the source says.

Chart 9: Market share trends for mousse

(Percentage share of total retail sales)

Outlet	1985	1986	1987	1988
Food	36.5%	39.9%	41.9%	43.2%
Drug	39.8	36.5	34.1	33.8
Mass merchandisers	23.7	23.6	24.0	24.0

Source: Nielsen Marketing Research

Conair's new thermal styling aids, Hot Shots, and Gillette's Dippity Do Hair Do looked good to the source, but he agreed with other buyers that these brands will need significant amounts of consumer advertising to really hit their maximum.

"They will have to be explained via advertising," he said. "Women have had similar products used on them in salons, but they haven't tried to do it themselves. I remember when Helene Curtis first brought out a Glaze. No one knew what it was for and it never sold well. Thermal styling conditioners will need explaining or they won't sell either."

The perm category has been dead at F & M, as it has been in most sections of the country. Oglive is the only brand that does well, and although Revlon has a new Perfect Touch perm with a formula breakthrough that should make it relatively easy to use, the F & M executive chose to be cautious and see how it will do before making any predictions about its chances to revitalize the category. "I have no comment on that one," he said.

Hair sprays are doing well at F & M right now. Some of the best sellers are White Rain, Final Net, Aqua Net, and the Clairol Mist.

Hair color is very competitive in Detroit right now, and the sources say the category is currently "no great shakes" for F & M.

All F & M stores have a professional hair set, and that category is doing well for F & M. Stiff Stuff is still a strong seller. Hair Muscle, which is new, is doing well. TRESemmé, All Set, Aussie and Infusium are all strong lines, and the source says the traditional salon brands like Paul Mitchell and Sebastian also do very well whenever F & M can get them.

Pantene has had its ups and downs in F & M stores. It does very well when it comes in with bonus packs, the source says. The styling aids, however, sell just so-so, said the source, but he added that Pantene does have an especially strong line of conditioners and they have done very well at F & M.

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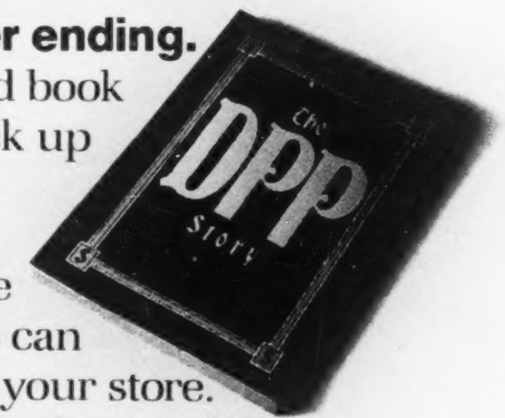

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Genovese reports 8 percent growth; pleased with pro lines

In the New York market, Kevin McGivney, H&BA/toiletries buyer for Genovese Drug, reports moderate growth of about 8 percent in the hair care segment.

McGivney says Genovese is "doing very well" with its professional hair care lines, and that segment of the category is up about 30 percent to 40 percent on a year-to-date basis.

Genovese is also doing very well with Revlon's new Clean and Clear line. McGivney says Genovese has had no problem getting the brand in stock, although he concedes it has been hard to get. However, it is selling well in his stores.

Salon Selectives is also doing well in Genovese, both the original shampoos and conditioners and the new styling aid line extensions.

McGivney says there have been too many product launches in the spritz category recently, and the segment is starting to enter an 'overkill phase.'

Gels are still strong in Genovese. McGivney estimates the segment is up about 16 percent to 18 percent in sales, and is showing the best growth in the hair care category to date.

"I think this segment will probably continue to grow for about another two years," he predicts, "and then I think we'll start to see it leveling off.

Spritzes, however, may be starting to peak already at Genovese. McGivney says there have been too many launches in the category recently, and the segment is starting to enter an "overkill phase."

The hair spray segment is growing at Genovese. McGivney estimates that sales are up between 10 percent and 15 percent this year.

The perm category is flat as it is in most segments of the country. McGivney thinks that most women who can afford to perm their hair prefer to have it done in salons where it is safer and more convenient.

He thinks Revlon's new Perfect Touch perm may do well as a brand in the segment, but he's not sure how much the launch of that one brand, even with an improved technology, can help spark category sales. "I don't know if there's any one item that can come out and grow the business," he says. "We'll just have to wait and see.

He does think Conair's new Hot Shot thermal styling conditioners will be a good line. "They'll be the first in a new category so they should do well," he says. "Dippity Do also looks good with Hair Do, so hopefully we may have a whole new segment emerging here."

In the last few months, Genovese has been promoting Folicure, a new hair treatment line from Pantresse. McGivney says Folicure has "done very well for us. We have a lot more promotions planned. It's a new line and it's also in an emerging segment."

Right now, Clairol condition and Flex are two of the best-selling shampoos and conditioners at Genovese. Finesse, Head & Shoulders and the professional lines like Aussie, TRESemmé, and Infusium have also done very well.

Stiff Stuff is still holding strong at Genovese. Although it's new to the chain, Hair Muscle, is starting off "doing some nice numbers." Aussie Mega and All Set are also strong.

Genovese also stocks Fabergé's Grand Finale professional line and L'Oréal's new Mermade line, both of which are doing well in their stores.

Queen Helene's styling gel is the number one seller at Genovese in its category, and the TRESemmé Hot Oil treatment in tubes is "flying" out the doors.

Jheri Redding's Extra looks very good to McGivney as it starts to hit the stores. 'It's a beautiful packaging. It looks real good. It's a lot like Nexxus. I have a good feeling about it," he says.

Salon Selectives is doing okay at Genovese. St. Ives Swiss Formula is selling very well. McGivney says it is the only shampoo/conditioner line "that sells well as a twin pack for us. It's doing very well."

Pantene is doing "fine" and Studio is a "good, solid line" at Genovese.

Neutrogena is also enjoying "excellent sales," and in color, Clairol and L'Oréal between them are driving the category toward a 10 percent growth rate. Permanent colors are doing the best, particularly Preference and Nice & Easy.

This year Genovese is advertising hair care more. McGivney says the chain is beefing up all its H&BA advertising as a way of building up the chain's core departments. "Health aids are the backbone of our business," he says, "and we're doing all we can to support them."

These days, McGivney thinks chains need to do more than advertise price to sell toiletries. He thinks consumers today respond better to what he calls "event promotions."

This fall, McGivney did an unusual back-to-school promotion that featured select hair care brands: St. Ives, Helene Curtis and Conair.

"Every week, we gave away a $5,000 savings bond, plus a $1,000 second prize savings bond. We backed the promotion up with a store display program for our managers and store personnel.

"I don't think you can sell price anymore. Everybody has low prices these days. You have to create something special. I appreciate the manufacturers who will work with me on coming up with these types of events.

McGivney's back-to-school savings bond promotion broke in mid-August and ran through September. "We were competitive on price too," he says, "but we were also different because we had an event that no one else could match."

Chart 10: Market share trends for all hair care products

(Percentage share of total retail sales)

Outlet	1985	1986	1987	1988
Food	40.9%	41.1%	40.9%	40.5%
Drug	36.9	37.2	36.6	36.9
Mass merchandisers	22.2	21.7	22.6	22.6

Source: Nielsen Marketing Research

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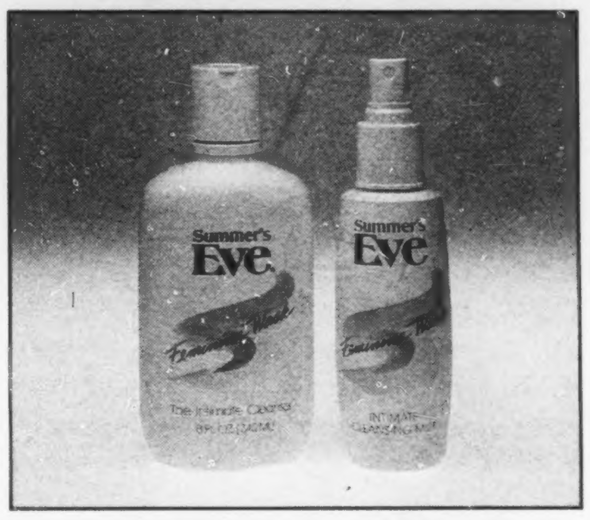

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Styling aids, spritzes pace Medicare-Glaser sales

Out in St. Louis, Connie Curran, who buys hair care for Medicare-Glaser, reports the category is growing. However, she says it's not growing at the same pace as the number of SKUs, because so many new items, primarily all line extensions, are coming out in hair care.

"As more styling aids are introduced, they're not replacing anything," she says. "They're complementing products that are already out. So now a woman may buy a mousse and a gel, or a spray and a spritz."

According to Curran's latest warehouse figures, the total hair care category is up 10 percent to 12 percent in units and up about 5 percent to 6 percent in dollars.

Styling aids and sprays are definitely the fastest-growing category for Medicare-Glaser, growing at about double the rate of hair care as a whole.

In the styling aid segment, the cheaper brands are selling the best right now, helped by Medicare-Glaser's preference for advertising an entire line rather than a single item whenever possible.

A styling aids endcap at a Harco unit. Drug chains that are advertising hair care more and giving it expanded space report the most dramatic growth.

"We're doing very well with the cheaper brands of styling aids," says Curran, "and I think it's partly because of our family approach to advertising. We're doing especially well with Clairol's Condition, the gels, and sprays. However, the Jheri Redding spritz is a very strong single item for us. The Redding spritz and Stiff Stuff are our two best-selling gels. And Studio Line is doing well for us. Their bonus sizes are among our top items. Aqua Net, Style and Clear Mist are our best-selling sprays."

Curran says Medicare-Glaser has been doing family ads in hair care for about two years now. "Shoppers seem to buy more when you advertise the entire family," she says.

"We get multiple sales instead of single-item sales. We usually offer the entire line like Condition or Flex at one price point, and shoppers stock up. It also means we can usually make more profits off the ad too because some margins can be higher and because we're generating incremental dollars."

In St. Louis, the premium-priced shampoos and conditioners are selling better right now than the budget lines. Curran says that's partly because there is so much competition right now from food and discount stores on the budget lines.

"We have to be competitive, and that means cutting margins," she says. "So we do advertise them to build our price image, but I'm careful not to advertise them too much because I don't want to be cutting that deep into our margins."

In the Medicare-Glaser stores, Curran says that right now the Neutrogena, Vidal Sassoon and Jhirmack shampoos and conditioners are selling particularly well in the premium category.

Condition, White Rain and L'Oréal's Ultra Rich are especially good in the budget category. "Ultra Rich is really doing better than it was," she says, "and it's because L'Oréal is supporting it with better promotions these days."

Professional brands are selling well too, but Curran says she wants to beef up her assortment of professional brands down the line because "there's still a lot of that business that we're not capturing."

Right now, Medicare-Glaser is warehousing all the professional brands it carries, but the chain is thinking about expanding its assortment dramatically and setting up a whole separate set for professional items.

The color category right now is just "all right" for Medicare-Glaser. "Our problem is that it's not very profitable and it's very competitive right now in this market. Nice & Easy does the best job for us, and Just For Men has really caught on nicely with men out here."

> *'As more styling aids are introduced, they're not replacing anything—they're complementing products that are already out.'*

Perms are flat in Medicare-Glaser, just as they are just about everywhere today. Curran thinks Revlon's new Perfect Touch may do well itself, but she's not sure that it can really revitalize the category all alone.

"How fast it will catch on will depend on how much people know about the conditioning ingredients in the formula. If they recognize it as a breakthrough product based on what they know about salon perms, it could catch on really fast. But if not, then its success will depend entirely on Revlon's advertising."

Fickle fashion heats up pace of hair care product introductions

By Richard Lawrence

Successful new products are vital to hair care marketers fighting to keep up with changing fashions and the fickle tastes of consumers.

Maybe in the hope that more new products bring more chances of success, new hair care products, in a dramatic reversal of the trend of the last three years, are setting the pace among introductions of H&BAs in 1988.

Styling aids are showing the biggest jump; 40 percent ahead of last year's pace through July. Shampoos have gained 22 percent and conditioners and rinses 17 percent. Only hair colorants are lagging. They're down 32 percent. All of this against an increase of only 5 percent for all new H&BAs.

Trends in new hair care products are a barometer of consumers' wants, at least as they're interpreted by marketers.

Industry commentators have spotted a resurgence in sales of hair sprays, and that's echoed in the acceleration of hair spray introductions, which began last year and continues even faster in 1988.

But in fact, introductions of all forms of styling aids—spritzes, gels, and mousses as well as sprays—are running well ahead of 1987. Mousses which nosedived from 51 introductions in 1986 to 10 last year have already passed that total. Gels, 1960's products that never went away, have undergone a mid-eighties revival with what may be close to 50 new entries in 1988. Spritzes have come from virtually nothing in 1986 to a forecast 30 or more entries this year.

Some other hot buttons in hair care may be cooling based on introductions. Salon and professional credentials are a popular strategy for new hair items but this year's pace for such items is no higher than its peak in 1985. New products which are natural, pure or real won't be exactly scarce but they'll be fewer than in the last four years. Moving in the opposite direction, though far less important in total numbers, are new hair care products for men and those for active users and sports participants.

Almost one-third of the hair care introductions so far in 1988 are by 15 large companies. Large companies account for a growing proportion of all new products in all categories of packaged goods. Clairol has the most hair care introductions since 1984, followed closely by Revlon, Helene Curtis, Alberto-Culver and Gillette.

Richard Lawrence is president of Marketing Intelligence Service, Ltd., Naples, N. Y.

Hair care introductions since 1984

Clairol	51	Procter & Gamble	18
Revlon	44	S. C. Johnson	15
Helene Curtis	40	Avon	10
Alberto Culver	38	Ogilvie Products	9
Gillette	33	Lever Brothers	6
Jheri Redding	24	Beecham	5
Fabergé	22	Calvin Klein	1
Vidal Sassoon	19		

Source: Marketing Intelligence Service

Hair care introductions, by type

	1984	1985	1986	1987	1988*
Shampoos	88	86	89	86	61
Conditioners, rinses	67	69	66	59	40
Styling aids	60	113	112	89	73
Colorings	12	21	14	22	9
Total H&BA	1,109	1,230	1,342	1,631	1,003

. . . by form

	1984	1985	1986	1987	1988*
Spritz	0	0	3	14	15
Gel	8	23	30	32	25
Mousse	26	55	51	10	13
Spray	17	29	32	43	40

. . . by positioning

	1984	1985	1986	1987	1988*
Professional/salon/extra strength	47	72	56	58	42
Natural/pure/real	54	53	54	48	23
For men	7	18	17	5	6
For active people/sports	4	6	10	8	6

*First seven months

Source: Marketing Intelligence Service

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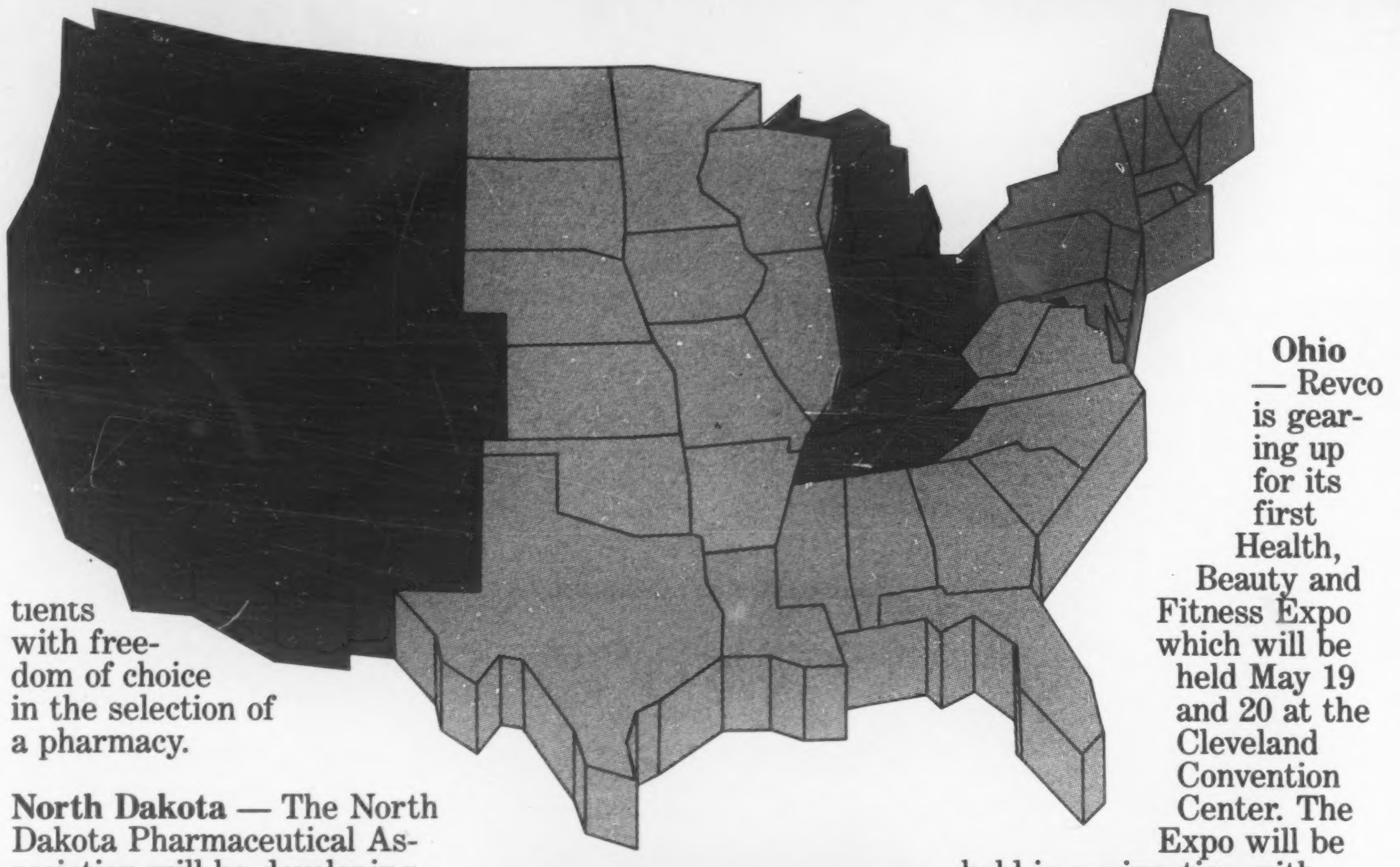


Western Region

Arizona — Mike Henry, head pharmacist of Arrow United Pharmacy, has been elected president of the Arizona Pharmacy Association.

California — The California Pharmacists Association has held its first two AIDS spokespersons training sessions. The sessions were the first in a program designed to train one person from each of the association's 38 local affiliates to be a source of AIDS information.

"Our goal," said Gail Lohmann, marketing assistant for the association, "is to have one pharmacist at every pharmacy who is trained in AIDS education."

West Central Region

Iowa — The Iowa legislature has taken further action to limit physician dispensing. The legislation requires physicians who dispense prescription drugs other than samples to register with their examining board. The bill also requires the practitioners to provide their patients with freedom of choice in the selection of a pharmacy.

North Dakota — The North Dakota Pharmaceutical Association will be developing protocols to deal with the newly passed legislation requiring out-of-state mail order pharmacies to be licensed by the state board.

William Grosz, executive secretary of the association and the board, said the association is looking into how to enforce the new rule and will be sending information to out-of-state mail order houses operating in the state.

Midwestern Region

Indiana — The Indiana Pharmacists Association drew over 300 people—including the governor—to its Healthy Older People (HOP) seminar in Indianapolis. The seminar was designed to persuade senior citizens to consult with their pharmacists.

Ohio — Revco is gearing up for its first Health, Beauty and Fitness Expo which will be held May 19 and 20 at the Cleveland Convention Center. The Expo will be held in conjunction with Revco's 12th annual marathon and 10,000 meter run. Over 125 exhibitors are expected to attend.

Southeastern Region

Alabama — The Alabama Pharmaceutical Association is mounting a public relations campaign to bring the news of the recent passage of freedom of choice legislation to the public. F. Howard Gray, executive director of the association, said the organization is looking to raise between $150,000 and $200,000 for a campaign which will include brochures and print ad spots informing consumers about the passage of the legislation and highlighting pharmacists as expert drug information sources.

North Carolina — Burroughs Wellcome Co. has awarded $163,000 in pharmacy education grants to 156 pharmacists through its pharmacy education program. Participating pharmacists compete for $1,000 educational grants to be presented to their choice of pharmacy schools and the educational foundations of six national pharmacy associations.

Eastern Region

New York — Genovese has held free skin cancer detection days at four of its locations. The screenings, sponsored by TI Pharmaceuticals, were done by a dermatologist who examined patients' moles and beauty marks at the chains' stores.

Antihypertensives under new scrutiny from health pros

NEW YORK — Three major groups of antihypertensive medications are being closely scrutinized as results of nationwide research into effective methods of controlling high blood pressure are disseminated among physicians who treat the estimated 58-60 million Americans suffering from the disorder.

The current research is being focused primarily on ACE inhibitors, beta blockers and calcium antagonists. The physicians are also taking a closer look at non-pharmacologic methods of treating hypertension.

A study published in the *Journal of the American Medical Association* (JAMA) indicated that beta blockers, used as initial antihypertensive treatment, were associated with "significantly lower" five-year mortality "because of fewer deaths from coronary heart disease and stroke" than were thiazide diuretics, which, at one time, was the first-line treatment of hypertension. The effect was particularly pronounced in smokers. John Wikstrand, M.D., Ph.D., the Swedish physician who directed the study, said it showed beta blockers the "only therapy effective in primary prevention."

In its fourth Joint National Committee report, the National High Blood Pressure Education Program added ACE inhibitors and calcium antagonists to its list of initial therapy for hypertension which already included thiazide-type diuretics and beta blockers. Published in the *Archives of Internal Medicine*, the report represented the consensus of 32 organizations of health care providers, including the American Medical Association, the American Pharmaceutical Association and the National Heart, Lung and Blood Institute (NHLBI).

Ed Roccella, Ph.D., the NHLBI's coordinator of the National High Blood Pressure Education Program, said that the report places a greater emphasis on non-pharmacological means of hypertension control as both a first line therapy and a means to reduce drug dosage. To control hypertension, as well as to reduce other cardiovascular risk factors, the report stresses the importance of weight reduction, restriction of alcohol consumption, regular aerobic exercise, tobacco avoidance, and the restriction of sodium consumption. It also mentions the benefits of biofeedback and relaxation therapies, as well as the potential importance of increased potassium calcium intake and the modification of dietary fat consumption.

"Since the goal of therapy is to control blood pressure with the fewest drugs at their lowest dose, sound patient management should include attempts to decrease the dosage or number of antihypertensive drugs while maintaining nonpharmacologic modalities," said the report. To achieve this, the committee added a "step-down" portion to its step care therapy chart. The report also mentioned non-compliance as a factor in treating hypertension.

"Poor adherence to long-term treatment, both nonpharmacologic and pharmacologic, has been identified as the major reason for inadequate control of high blood pressure," said the report.

The report further advocates collaboration between physicians and other health care providers, including pharmacists, as a means toward improving long-term adherence.

Maude Babington, Pharm.D., the American Pharmaceutical Association's director of professional affairs, has three suggestions for pharmacists interested in such collaboration. All are predicated on the belief that compliance is most likely if patients are prescribed the smallest possible number of different medications taken at the lowest possible frequency, and all require pharmacists to know their antihypertensive medication:

- If you receive a prescription for medication that must be taken, say, four times a day, but are aware of how to reduce the dosage to, perhaps, two times a day, call the physician and suggest the switch.
- If a physician prescribes drug A which must be taken three times a day, but you know drug B is similar but only needs to be taken once a day, call and suggest a change.
- If a doctor has written a prescription for two different drugs, as is often the case with antihypertensive medication, but you are aware that a combination drug exists, consider asking the physician about it.

"These are good areas for the pharmacist and the physician to collaborate on behalf of the patient," said Dr. Babington, especially since "sometimes patients tend to tell pharmacists things they wouldn't tell their physician."

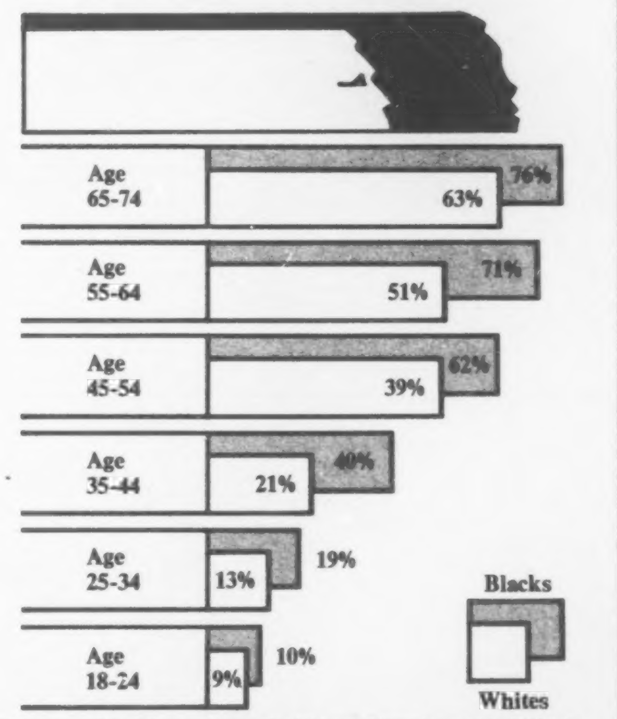
It is possible that pharmacists might be the first to learn about impotence associated with antihypertensive medication, a common side effect of thiazide and loop diuretics, beta blockers, and centrally- and peripherally-acting adrenergic inhibitors. Another side effect Dr. Babington thinks would be particularly likely to be discovered in the pharmacy is nasal congestion, which is often associated with rauwolfia akyloids.

Both Dr. Babington and Dr. Roccella of the NHLBI suggested pharmacists aid patients' compliance by working with them to associate their drug therapy with a "life event", such as brushing their teeth, "something on the person's personal habitual schedule."

Because of the increasing availability of self-test centers for blood pressure measurement, Dr. Babington suggests pharmacists learn to explain to customers what different blood pressure levels mean, and when to suggest that someone see their physician.

Michael E. DeBakey, M.D., chancellor of Baylor College of Medicine and chairman of Citizens for the Treatment of High Blood Pressure, said in an address to the National Forum for High Blood Pressure Control, "over the past 16 years, deaths due to strokes have been cut in half and thousands of lives have been saved." Accusing Americans of becoming "apathetic" about hypertension, he urged "Health care professionals must be. . . aggressive. . . and attack the consequences of uncontrolled blood pressure with renewed vigor."

PREVALENCE OF HIGH BLOOD PRESSURE



Final report of the Subcommittee on Definition and Prevalence of the 1984 Joint National Committee on Detection, Evaluation, and Treatment of High Blood Pressure

Correction: The Foundation Health Plan, a Sacramento-based HMO, was erroneously referred to in the July 18 issue of *Inside Pharmacy* as HFP. HFP is a federally registered trademark of HFP, Inc., a multistate HMO based in Southern California.

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Over-the-counter drugs show continued sales strength

NEW YORK — Over-the-counter drugs that treat medical problems as mild as the common cold to conditions as severe as chronic arthritis continue to sell well at retailers that have a pharmacy, despite encroaching competition from formats that do not feature prescription departments.

A growing number of retail drug stores, in an effort to better market their OTC product categories, have revamped planograms so that "ethical" OTCs, or those over-the-counter drugs that are used to treat medical conditions, are closer to the pharmacy department, allowing pharmacists to help consumers in their OTC product selections.

According to *Drug Store News/Inside Pharmacy's* 1988 study of the top-selling OTC products, cough, cold and allergy products continue to lead in number of units sold with analgesics a near second.

According to the study, more than one-third (35 percent) of the top 100 OTCs sold in drug stores were for cough, cold and allergy products while just over one-quarter (27 percent) of the top 100 OTC units moving through drug stores were represented by analgesics.

While many of the products in the top third represented OTCs used to treat the common cold, the number-one product was for Parke Davis' Benadryl capsules, 25mg, indicated in the treatment of allergy symptoms. Some of Benadryl's success can be attributed to the fact that it was once a drug that could only be purchased by prescription. Also, while Benadryl is specifically indicated to treat allergies, there is much cross-over in this category, and many cold sufferers will purchase this product to treat the common cold as well.

Other notable Rx-to-OTC switched cough and cold products that made the top 100 listing include Schering's Afrin and Drixoral, A. H. Robins' Dimetapp, and Burroughs Wellcome's Actifed.

The success of switched products was also in evidence in the second most sold OTC product category analgesics. The best selling analgesic product, according to the survey, was Whitehall Laboratories' brand of ibuprofen, Advil, represented by a total of six SKUs in the top 100 OTCs. But, once again, McNeil's Tylenol captured the distinction of having the most SKUs moved through drug stores, with 10 SKUs represented in the top 100 OTC listing. In both Advil and Tylenol products, the caplet was noticeably popular among consumers, with both products moving caplet versions of their popular products.

Bayer aspirin was the eighth-fastest moving product in the analgesic product category, with many observers attributing some of its more recent success to reports that an aspirin a day may be beneficial in preventing second heart at-

Continued on page IP22

Top 100 OTC products based on number of units: 1988

Rank	Product Name	Rank	Product Name
1	Fleet enema 4.5 oz.	51	Anacin 12s
2	Advil tablets 24s	52	Vicks Vapo-rub 3 oz.
3	Tylenol extra strength caplets 50s	53	Anacin 30s
4	Tylenol extra strength tablets 30s	54	Centrum vitamins 130s
5	B & L Sensitive Solution 12 oz.	55	Tylenol drops 15 ml
6	Mylanta liquid 12 oz.	56	Correctol 30s
7	Pepto Bismol liquid antacid 8 oz.	57	Fleet mineral oil enema 4.5 oz.
8	Visine .5 oz.	58	Excedrin extra strength tablets 30s
9	Benadryl capsules 25mg. 24s	59	Contac caplets 10s
10	AoSept disinfect solution 8 oz.	60	Bayer aspirin 50s
11	Robitussin DM cough syrup 4 oz.	61	Advil caplets 50s
12	Alka Seltzer plus 20s	62	Robitussin DM 8 oz.
13	Tylenol chewable tablets 30s	63	Pepto Bismol liquid antacid 4 oz.
14	Neosporin ointment .5 oz.	64	Robitussin PE 4 oz.
15	Tylenol extra strength tablets 60s	65	AoDisc replacement
16	Tylenol extra strength caplets 24s	66	Sudafed tablets 30 mg. 48s
17	Sudafed 30mg. tablets 24s	67	Actifed tablets 12s
18	Tylenol extra strength caplets 100s	68	Dimetapp extentabs 24s
19	Mylanta II liquid 12	69	Nuprin tablets 24s
20	Trojan enz lub 3s	70	Bufferin 100s
21	Vaseline Lip Therapy	71	Chloraseptic spray cherry 6 oz.
22	Afrin nasal spray .5 oz.	72	Maalox Plus extra strength suspension 12 oz.
23	Dimetapp elixir 4 oz.	73	Allergan Lens Plus saline solution 8 oz.
24	Anacin 100s	74	Tums assorted 3-roll 36s
25	Benadryl elixir 4 oz.	75	Benadryl 25 allergy kapseals 24s
26	Trojan enz lub 12s	76	Nyquil cherry 6 oz.
27	Rolaids tablets regular 3-roll	77	Advil tablets 8 oz.
28	Bayer aspirin 100s	78	Rolaids tablets spearmint 3-roll
29	Halls Mentho-lyptus stick 9s	79	Pliagel cleaning solution soft lenses .85 oz.
30	B & L saline solution 12	80	Contac 12 hour capsules 10s
31	Advil caplets 24s	81	Dristan advanced formula cold tabs 24s
32	Anacin 50s	82	Bayer aspirin 1¼ gr childrens 36s
33	Benadryl regular tablets 24s	83	Tums e-x 3 roll 24s
34	Drixoral 10s	84	Benadryl 25 allergy med tablets 24s
35	Maalox liquid 12 oz.	85	Tylenol drops 15ml
36	Alka Seltzer plus 12s	86	Johnson & Johnson Band-Aid sheer 60s
37	Advil tablets 100s	87	Afrin nasal spray 15ml
38	Preparation H ointment 1 oz.	88	Neosporin cream 15g
39	Unisol saline solution (2) 8 oz.	89	Correctol laxative tablets 15s
40	Tylenol extra strength tablets 100s	90	Ex-Lax unflavored pills 8s
41	Advil tablets 50s	91	Coricidin D 24s
42	Pliagel lens solution	92	Trojan regular 12s
43	Nyquil 6 oz.	93	Neosporin ointment 1 oz.
44	Vicks Formula 44D 4 oz.	94	Sudafed S.A. 12-hr. capsules 10s
45	Actifed tablets 24s	95	Halls Mentho-lyptus drops 30s
46	Rolaids 12s	96	Bacitracin ointment 1 oz.
47	Comtrex cold relief tablets 24s	97	Dexatrim caffeine-free caplets 20s
48	Tums 3s	98	Tylenol regular strength caplets 24s
49	Robitussin CF 4 oz.	99	Drixoral tablets 20s
50	Dimetapp extentabs 12s	100	Ascriptin 100s

Source: Drug Store News/Inside Pharmacy research

OTC drugs continue to show strength

Cough-cold products in the Top 100 OTC rankings

Rank in Category	Rank in Top 100	Product
1	9	Benadryl capsules 25mg. 24s
2	11	Robitussin DM cough syrup 4 oz.
3	12	Alka Seltzer plus 20s
4	17	Sudafed 30mg. tablets 24s
5	22	Afrin nasal spray .5 oz.
6	23	Dimetapp elixir 4 oz.
7	25	Benadryl elixir 4 oz.
8	29	Halls Mentho-lyptus stick 9s
9	33	Benadryl regular tablets 24s
10	34	Drixoral 10s
11	36	Alka Seltzer Plus 12s
12	43	Nyquil 6 oz.
13	44	Vicks Formula 44D-4 oz.
14	45	Actifed tablets 24
15	47	Comtrex cold relief tablets 24s
16	49	Robitussin CF 4 oz.
17	50	Dimetapp extentabs 12s
18	52	Vicks Vapo-rub 3 oz.
19	59	Contac caplets 10s
20	62	Robitussin DM 8 oz.
21	64	Robitussin PE 4 oz.
22	66	Sudafed tablets 30 mg. 48s
23	67	Actifed tablets 12s
24	68	Dimetapp extentabs 24s
25	71	Chloraseptic spray cherry 6 oz.
26	75	Benadryl 25 allergy kapseals 24s
27	76	Nyquil cherry 6 oz.
28	80	Contac 12 hour capsules 10s
29	81	Dristan advanced formula cold tabs 24s
30	84	Benadryl 25 allergy med tablets 24s
31	87	Afrin nasal spray 15ml
32	91	Coricidin D 24s
33	94	Sudafed S.A. 12 hr. capsules 10s
34	95	Halls Mentho-lyptus drops 30 ct
35	99	Drixoral tablets 20s

Source: *Drug Store News/Inside Pharmacy* research

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Continued from page IP21

tacks. In fact, the reason many think Bayer aspirin 1¼ gr. children's tablets showed up on the list was that many consumers who would not ordinarily take aspirin to prevent heart attacks are taking the lower-dose aspirin as a precaution anyway. Children's Bayer aspirin was the 24th-fastest moving analgesic and the 82nd-fastest overall OTC product in the Top 100.

The battle among rival antacids continues, with Stauart's Mylanta 12 ounces taking top honors. However, Procter & Gamble's Pepto Bismol edged out a second SKU of Mylanta, Mylanta II, and beat Rorer's Maalox, a product that is usually vying for the first-place position with Mylanta. Maalox came in as the third-fastest moving antacid.

One OTC product category that has become extremely competitive in recent years is eye and lens care. Often returning handsome profit margins to retailers, lens care products now compete keenly for valuable shelf space. One area that has seen significant retail price cuts is saline solutions, used by all contact lens wearers. According to the study, Bausch & Lomb 12 ounces is the number-one selling saline solution, with the Unisol two-pack in second place.

Among the cleaning solutions, Pliagel lens solution takes top honors and among disinfectants, it's AoSept disinfecting solution. Since the AoSept disinfecting system is dependent on a platinum disk placed at the bottom of contact lens containers, it stands to reason that the disk also did very well in the Top 100 products. It placed seventh in the eye and lens care category and 65th among the Top 100 listing. It would have probably attained an even higher ranking but it need only be replaced every three or four months, and therefore the number of units turned are naturally lower.

The only non-lens care product to make the category listing was Visine 0.5 ounce, placing second in the category and eighth best among the Top 100.

Once again, Fleet enema heads a small but important OTC category, laxatives. Fleet was not only the best selling laxative, but also the best selling product among the Top 100 OTC products. The second best selling laxative was Correctol 30s.

The AIDS epidemic has given a once slow-moving family planning category the needed boost to place three products in the Top 100 OTC listing. All were Trojan brand condoms.

The only vitamin to make the Top 100 OTC listing was Lederle's Centrum vitamins 130s.

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Analgesics in the Top 100 OTC rankings

Rank in Category	Rank in Top 100	Product
1	2	Advil tablets 24s
2	3	Tylenol extra strength caplets 50s
3	4	Tylenol extra strength tablets 30s
4	13	Tylenol chewable tablets 30s
5	15	Tylenol extra strength tablets 60s
6	16	Tylenol extra strength caplets 24s
7	18	Tylenol extra strength caplets 100s
8	24	Anacin 100s
9	28	Bayer aspirin 100s
10	31	Advil caplets 24s
11	32	Anacin 50s
12	37	Advil tablets 100s
13	40	Tylenol extra strength tablets 100s
14	41	Advil tablets 50s
15	51	Anacin 12s
16	53	Anacin 30s
17	55	Tylenol drops 15 ml
18	58	Excederin extra strength tablets 30s
19	60	Bayer aspirin 50s
20	61	Advil caplets 50s
21	69	Nuprin tablets 24s
22	70	Bufferin 100s
23	77	Advil tablets 8s
24	82	Bayer aspirin 1¼gr children's 36s
25	85	Tylenol drops 15ml
26	98	Tylenol regular strength caplets 24s
27	100	Ascriptin 100s

Source: *Drug Store News/Inside Pharmacy* research

Lens and eye care products in the Top 100 OTC rankings

Rank in Category	Rank in Top 100	Product
1	5	B & L Sensitive Solution 12 oz.
2	8	Visine .5 oz.
3	10	AoSept disinfect solution 8 oz.
4	30	B & L saline solution 12 oz.
5	39	Unisol saline solution (2) 8 oz.
6	42	Pliagel lens solution
7	65	AoDisc replacement
8	73	Allergan Lens Plus saline solution 8 oz.
9	79	Pliagel cleaning solution soft lenses .85 oz.

Source: *Drug Store News/Inside Pharmacy* research

Laxatives in the Top 100 OTC rankings

Rank in Category	Rank in Top 100	Product
1	1	Fleet enema 4.5 oz.
2	56	Correctol 30s
3	57	Fleet mineral oil enema 4.5 oz
4	89	Correctol laxative tablets 15s
5	90	Ex-Lax unflavored pills 8s

Source: *Drug Store News/Inside Pharmacy* research

Family planning products in the Top 100 OTC rankings

Rank in Category	Rank in Top 100	Product
1	2	Trojan enz lub 3s
2	26	Trojan enz lub 12s
3	92	Trojan regular 12s

Source: *Drug Store News/Inside Pharmacy* research

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Harco holds chain-wide beauty fair — Page 8

Sunglasses eyed over roundtable — Trends, page 67

Reorganization set by Maxicare — Pharmacy, page 149

DRUG STORE NEWS®

Vol. 10/No. 20 **Our 60th year of serving chains, wholesalers and high-volume independents** Published by Lebhar-Friedman Inc. Oct. 10, 1988

McKesson Corp. rethinks Alco Health purchase

SAN FRANCISCO — McKesson Corp. is looking to pay less for Alco Health Services Inc. or possibly back out of the deal, even though if completed, it would give the mega-wholesaler a 38-percent-plus national market share.

The proposed merger, which surprised the industry by its magnitude when it was announced, is confounding the drug field again.

In the pending takeover's most recent development, McKesson extended the expiration date of its $30-per-

See **McK,** *page 168*

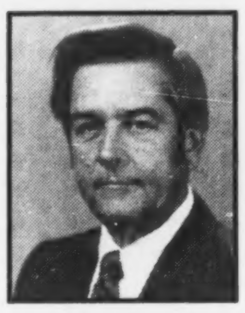
Osco execs part ways over 'philosophical differences'

George, Bergeson out; Scott, Hanson in

By James Frederick

OAK BROOK, Ill. — Differences over the future course of Osco Drug led to the departure last month of president Dick George and chairman Scott Bergeson, and the election of Longs veteran Dick Scott to head the 650-store chain.

Terry Hanson, 41-year-old former executive vp for Osco, has been named its president.



Scott

Scott, 53, was named chairman and chief executive Sept. 20 after Osco's board of directors accepted the resignations of George and Bergeson. Calling the two "highly regarded executives who served honorably," Osco's board issued a statement saying their resignations were accepted "on the basis of existing philosophical differences over the strategic direction and mar-

See **Osco,** *page 167*

Bob Begley joins management of Florida Drug Castle franchise

By Susan Ball

'Deep discounting addresses a segment of the market that is growing.'
—Bob Begley
(See sidebar page 167)

BAYONET POINT, Fla. — Bob Begley, former chairman and president of Begley Co., has agreed "in principle" to join the management team of the Drug Castle franchise based here, as it launches an expansion drive aimed at ultimately opening nine deep discount Drug Castles in the Tampa Bay area.

Although "nothing has been signed yet," Begley is expected to invest in and hold a top position on the board of Bay Area Drug Distributors, Inc. (B.A.D.D., Inc.), according to both R. T. Orr and Dale Obracay, president and vp of the corporation, respectively. Begley has confirmed that serious discussions exploring such a move were under way. *(See sidebar.)*

The corporation, which has exclusive franchise rights to operate Drug Castles in the five-county Tampa Bay area, will manage and hold a 65 percent interest in any limited partnerships formed to expand the franchise.

The first such partnership, called B.A.D.D. Limited Partnership I, is expected to have $2.025 million in seed money to finance the first three-store expansion, according to Obracay. Of that amount, $525,000 is to be

See **Bob Begley,** *page 167*

Phar-Mor is blazing into new markets, with numerous store openings this fall.

Phar-Mor steps up store opening pace

YOUNGSTOWN, Ohio — At a pace worthy of Olympic gold, Phar-Mor is opening 20 stores this fall, with four stores set for Houston, six for Florida, and the rest stretching from Appleton, Wis. in the Central states to Hickory, N.C. in the Southeast.

The first two stores in its latest surge of openings were both launched Sept. 28 in Houston, a new market for this deep discount pacesetter.

Between now and Dec. 7, Phar-Mor will open two more units in Houston; six in Florida, where it already has 22; three in the Chicago area; and one store each in Terre Haute, Ind.; Hickory, N.C.; Rockford, Ill.; Shreveport, La.; Appleton, Wis.; and Pittsburgh and Altoona, Pa.

Louisana and Texas represent new penetrations for the chain.

In Florida, the new units will open in Ft. Walton Beach, Lakeland, Brandon, Lake Worth, West Palm Beach and Orlando.

Including the 26 new stores already unveiled this year, that will make 46 stores opened by year's end, compared with 32 last year. Phar-Mor will reach the 1988 finish line with a total of 114 stores and plans to open 50 next year, said James Teichman, senior vp.

Ranging in size from 45,000 to 64,000 square feet, the stores will have computerized pharmacies and will retain the typical Phar-Mor format, Teichman said.

Almost all of the 20 units are newly constructed, primarily co-anchoring with one or two other retailers in large shopping centers.

Depending on the area, Phar-Mor looks for a 125,000-shopper base—within a five-mile radius in a market such as Orlando, Fla.; a three-mile radius in Chicago; and a wider radius in a less densely populated area such as Hickory, N.C., Teichman said.

Associated/Affiliated's fall show opens; executive committees endorse merger

NEW YORK — As drug chain merchandisers planned to attend Associated/Affiliated's fall buying show Oct. 7-12, the two drug trade organizations prepared for major changes. Issues regarding their long-discussed merger, as well as a plan to sponsor at least one annual 'booth show'—possibly outside New York—will likely be resolved by year's end.

"We're operating on the premise that [the merger] will go through; but we're planning both ways," Affiliated president Phil Weinstein told *Drug Store News*.

Endorsed by the executive committees of both groups, the merger needs approval now by their boards of directors, and then by at least two-thirds of member chains. Sources feel the merger is highly likely, Weinstein is viewed as the leading candidate for president of a combined group. Associated president Ira Shain plans to retire at the end of the year.

"We're looking for a vote by the full membership [on the merger] by the first of the year," said Shain.

As the merger talks progress, a second unrelated but

See **Associated,** *page 167*

LATE NEWS

- OAK BROOK, Ill. — Osco Drug will maintain a divisional office in Anaheim, Calif., but headquarters operations, including buying and most marketing functions, will remain under a single corporate umbrella based here, spokesman John Kromer said. New chairman Dick Scott will divide his time between the two locations, but will remain based in Anaheim, Kromer said.
- DETROIT — Revco D.S. has rejected as inadequate bids for 29 stores here from both Liberty Drug and Arbor Drug Stores, but will "consider other offers" for them, a spokesperson said. Arbor had negotiated to buy an unspecified number, while Liberty bid for all 29. They will remain Revco stores, and some may stay open if no buyer is found, the source said.
- WORTHINGTON, Ohio — Drug Emporium, the deep-discount chain, announced that Gary Wilber has been named president and chief operations officer. Wilber, 38, had been executive vp. Philip Wilber, who had been president, remains chairman and ceo.

NEWS IN BRIEF

Schwarz named exec. vp at Dart Drug

LANDOVER, Md. — Jeff Fantle, Dart Drug's president and chief operations officer, announced recently that James Schwarz has been named as executive vp, corporate secretary and general counsel.

Schwarz, a George Washington University law graduate, served at Peoples Drug in the same capacity for the past 15 years.

Wander seals Maple Village buy

FARMINGTON, Mich. — Former Perry Drug Stores executive vp Alvin Wander is back in the chain drug business, following completion of his purchase of Maple Village Pharmacies in early September. Wander bought the seven-store chain from founders Harvey and Alvin Rubin for an undisclosed sum, and has renamed the chain Maple Drugs.

Maple stores operate in southeastern Michigan from Ann Arbor to Detroit, and range in size from 5,000 square feet to 7,500 square feet.

Former Perry merchandise manager Pat Teeley is serving as head of advertising, merchandising and marketing, and Wander has retained Sheldon Rich as director of pharmacy operations.

Lucky-Alpha merger held up in court

LOS ANGELES — The Lucky Stores-Alpha Beta merger is still on hold while a U.S. District Court reviews an antitrust lawsuit brought against the grocery chains by John Van de Kamp, California's attorney general.

At presstime, Federal District Judge David Kenyon was examining additional materials submitted recently by the parties involved. During this process, Kenyon has maintained the temporary restraining order, which prevents the two grocery chains from combining operations. No date has been set for his decision.

The attorney general's office seeks to prevent the merger on antitrust grounds, claiming that the combined operation will hold too great a market share in California and lead to higher prices.

On a similar matter, negotiations with the attorney general's office and Vons—surrounding its acquisition of the Southern California Safeway stores—are nearing a close, according to Bill Davila, Vons president and chief operations officer. He declined to give details of the negotiation.

Perry takes seniors to the zoo

PONTIAC, Mich. — Perry Drug Stores sponsored a free day at the Detroit Zoo recently for over 3,000 senior citizens from the Detroit area to observe the seventh annual Isabella Fiesselmann Day.

The day commemorates Fiesselmann, 92, who wrote a letter to the zoo in 1981, longing to see it. The zoo granted her wish. Ever since her death in 1983, Isabella Fiesselmann Day at the zoo is an annual event.

Perry gives each senior citizen a "goodie" bag containing sample-sized Perry brand products, discount coupons and health record booklets, and raffles off a color television.

Fred Meyer opens unique specialty store

SEATTLE — Replacing one of the company's few drug stores locations, Fred Meyer opened a new 32,000-square-foot specialty store here this summer, that while no longer a drug store, still includes a pharmacy.

The change was prompted by a major remodeling of the property, which took several years. During this time, Fred Meyer was able to continue running just the pharmacy business, operating out of both a trailer in the parking lot and in a temporary site.

The new store includes six of the company's 11 departments, which all operate on a vertical self-sufficient structure: general merchandise, pharmacy, nutrition, soft lines (predominantly sports apparel), fine jewelry, and photo and electronics.

According to company spokesman Rob Boley, the new store is about the same size as the previous location. However, the category mix is now greatly expanded from the past assortment and better targets the urban market.

Drug Store News (ISSN 0191-7587), is published biweekly—every other Monday, monthly in December plus an extra Pharmacist's Reference to Rx/OTC Patient Counseling in October, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rates: Infield subscribers, retailers and wholesalers, one year $19.50; two years $35. Out-of-field subscribers, manufacturers, schools, libraries and all others, one year $39. Single copy rate $2. Foreign subscriptions: Airmail only $125 per year.
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Vol. 10, No. 20 Oct. 10, 1988

Texas stores brace for Gilbert, but are spared hurricane's fury

By Pamela Krein

BROWNSVILLE, Tex. — Texas area drug stores had readied for the worst of Hurricane Gilbert's fury, but the storm's path hit south of the state and spared the region from the devastation witnessed in Mexico, the Yucatan and Jamaica.

Billed as the worst hurricane to ever hit the Western Hemisphere, Gilbert had cities all along the Texas coast preparing for monumental damage. Playing a part in the preparations, the area's drug stores were often sold out of such storm necessities as batteries, kerosene lamps, masking tape, candles and distilled water.

Retailers from Texas's Gulf Coast told *Drug Store News* they also filled a higher than average number of script orders, since many customers fled these cities with their essentials, not knowing when they would be able to return to their homes.

At Medico Discount Drug in Brownsville, store manager Vidal Hernandez said total sales ran three times higher than normal the day before the storm hit. Sales were up for obvious storm-related items like batteries, but Hernandez said the store also sold a lot of games, as customers sought ways to wait out the storm.

Hernandez said the store stocked up on staples, boarded windows and closed on the day Gilbert was expected to hit.

While Hernandez said the area experienced heavy rain, wind and minor power outages, his store and merchandise were not damaged.

Perfecto's Pharmacy in Brownsville also remained unharmed by the storm, according to manager Persecto Garcia. "People who were prepared didn't have any damage," he said.

Garcia said his store took precautionary measures, such as securing medicines and its computer system. He brought items like insulin home the day of the storm, Garcia said, to assure they could be kept cold in case of a power outage.

For Felix Maldonado, owner of Maldonado Pharmacy in Brownsville, the only damage he had was some spoiled insulin. While Maldonado said he remembered to place dry ice in the store's refrigerator compartment, he forget to place dry ice in the freezer, resulting in some spoiled products when power outages occurred.

Although Gilbert's intensity decreased as it progressed through Texas, several areas were faced with ensuing tornadoes. San Antonio alone sighted some 30 twisters. Even here, damage was limited.

Revco and Walgreen, which both have numerous stores in San Antonio, said their stores remained undamaged by the storm, although some closed briefly.

Mary Ellen Kari, Walgreen's spokesperson, said the chain rushed extra merchandise to these stores, and made sure that technical backup was available via generators.

Similar plans were in place at Revco, which sent regional personnel to the area on a 24-hour call basis in case of storm damage, company spokeswoman Kathleen Obert told *Drug Store News*.

Sixty years of drug store retailing

The following items were taken verbatim from the pages of Chain Store Age Drug Edition, *which became* Drug Store News *in 1979.*

60 years ago

NEW YORK, 1928 — The chain drug store that is anxious to speed up sales in its cigar and cigarette section will do well to consider its displays with a critical eye. It is not enough that displays be *adequate*, they need to be *superlatively* good.

They should be planned to suggest the purchase not only of cigars and cigarettes, but of the many allied articles that the progressive drug chain will have on its counters. They should appeal to women as well as men. This holds true of displays in practically any urban chain, for while women use cigarettes more freely and openly in the larger cities than the smaller ones, the practice is rapidly coming into good repute everywhere.

50 years ago

OAKLAND, Calif., 1938 — What appeared to be a 10-gallon keg of old-fashioned cough drops sharpened shopper interest in a window of the Owl drug store, Alcatraz and Adeline Streets, Oakland, Calif.

A hole was cut in the side of the plain wooden keg, halfway from top to bottom. In back of this inside the keg was placed a regular five-pound candy jar filled with cough drops. The set-up had the appearances of a completely filled wooden keg with a small glass window.

40 years ago

DEERFIELD, Ill., 1948 — Newspaper advertising for a Walgreens back-to-school promotion used a series of plays on words to catch the school age eye. Heading for the page said "Walgreens heads the class for school-time savings." Each item had its own trick phrase: "Passes every test without cramming" for a carryall and "Be a 'Freshie' year after year" for deodorant.

30 years ago

INDIANAPOLIS, 1958 — Hook Drugs, the 52-store Indianapolis chain, has settled on an opening format that provides for a "private preview and reception" to which it invites all the families in the community to be served by the new unit. Despite the fact that the company keeps the previews on a "noncommercial" basis by selling no merchandise, attendance ranges from 1,000 to 3,000. The actual store opening is on the Monday following the Sunday open house.

20 years ago

FORT LEE, N.J., 1968 — Genovese drug stores, with 17 units in and around New York City, entered the New Jersey market with the opening of a 15,000 square foot unit in Fort Lee. The new unit is the first of five stores planned for openings in 1968-'69, and part of the chain's overall plan to expand out of the New York City area.

10 years ago

CLEVELAND, Ohio, 1978 — Progress for Gray Drug predates even the name Gray. Company roots are grounded in founder Adolph Weinberger's first drug store, opened in 1912.

A proud, hard-working man with confidence in his ideas, Weinberger flourished and built a seven-store chain in 1928. It was then that Weinberger's Cut-Rate Drug Stores, forerunner of Gray Drug Stores, came into corporate being.

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SPECIAL SAMI/BURKE REPORT

’80s have seen proliferation of million-$ brands

Product Tracking

Alan Miller

Twice each year we issue a report identifying brands in 52 categories of health and beauty aid products that generate $1 million or more in retail drug volume. Our focus is on million-dollar brands launched since 1980, and the summary is based on the 52 weeks ended July 15, 1988.

Some of the numbers may be understated, since there may be line extensions that could be regarded as new products. What’s more, there are many products introduced regionally or recently that have not been counted because they have not reached the million-dollar level.

In the 52 H&BA categories tracked by SAMI for which we have two full years or more of data, there were 918 brands with annual volume exceeding $1 million. Of these brands, 298—or 32.5 percent—were introduced during the ’80s. Ten of these new brands currently enjoy annual volume of more than $25 million. Another 22 new brands now generate between $10 million and $25 million. And fifty brands introduced during the ’80s have achieved sales ranging between $5 million and $10 million.

Interestingly, we find that new brands turn up more frequently on the million-dollar list as the sales parameters decline. For example, new brands comprise 34.4 percent of those generating $2.5 million to $5 million and 40.1 percent of those ranging from $1 million to $2.5 million.

During the 1980s, the biggest year for the introduction of million-dollar brands was 1985, when 55 were launched. Forty-four were launched in both 1984 and 1987, and 40 first appeared during 1986. The low points were reached in 1980 and ’81 when 24 and 19, respectively, were introduced. 1

Because new products have a relatively short life span in a number of categories—particularly hair care needs—there are many new products first marketed in the early ’80s that have either disappeared from drug store shelves or now command annual volume of less than $1 million.

Of the new million-dollar products of the ’80s, 3.4 percent are in the $25 million volume group. In contrast, *all* $25 million-plus brands comprise 5.4 percent of *all* million-dollar brands.

There are 25 H&BA SAMI categories in which drug store volume from new brands of the ’80s accounted for more than 10 percent of total volume in the year under scrutiny. In four of these categories, the new brands contributed more than 40 percent of annual category volume.

The category with the highest percentage was hair setting needs, where a plethora of new mousse styling entries helped to build new million-dollar brands’ share of total category volume to 65.2 percent. (New brands with less than $1 million currently would increase this level even higher.)

New tartar control dentifrices and special formulations for children are responsible for the 42.3 percent share of new brands in the toothpaste and powder category.

There has also been a high degree of product “churning” in the appetite suppressant category, where 42.9 percent of current volume comes from new million-dollar brands of the ’80s.

New over-the-counter cortisone antiseptics can take much of the credit for the 40.4 percent share of first aid antiseptics generated by brands launched in the ’80s. In the eye care products category, new contact lens items have caused strong expansion during the ’80s, to the point where new brands comprise 38.8 percent of category sales.

As noted earlier, there is always a steady flow of new products in all hair care needs categories, except for home permanent kits (5.2 percent accounted for by new brands) and hair coloring (14.7 percent of volume from new products).

Cold remedies is another product category with a high new product introduction, while new mouthwash items have been proliferating during the ’80s. The mouthwash that now ranks #3, Plax, was launched in 1986 and now accounts for more than $25 million in drug stores alone.

There are four H&BA categories in which new brands of the ’80s currently provide more than $100 million through drug stores alone, paced by cold remedies with $192.6 million and eye care products with $179.5 million. New brands provide $150.7 million among internal analgesics and $102.3 million for toothpaste and powder.

Finally, there are 10 product categories with no million-dollar brands of the ’80s, including infant clothes, cream deodorants, denture adhesives, tranquilizers and feminine douches/washes.

Importance of new brands in drug stores

	Volume group—annual retail sales					
	$25 million -plus	$10-$25 million	$5-$10 million	$2.5-$5 million	$1-$2.5 million	Total
Million dollar brands introduced since 1980	10	22	50	78	138	298
Total number of million dollar brands (old & new)	50	133	164	227	344	918
Percentage of “new” brands introduced since 1980	20.0%	16.5%	30.5%	34.4%	40.1%	32.5%

Source: SAMI/Burke

Drug store distribution of million dollar brands in volume groups

(Total brands vs. brands introduced since 1980)

	Volume group - annual retail sales					
	$25 million plus	$10-$25 million	$5-$10 million	$2.5-$5 million	$1-$2.5 million	Total
% brands introduced since 1980	3.4%	7.4%	16.8%	26.2%	46.2%	100.0%
% total million dollar brands	5.4	14.5	17.9	24.7	37.5	100.0

Number of million-dollar brands of the ’80s by year of introduction

1980	1981	1982	1983	1984	1985	1986	1987	1988
19	24	27	38	44	55	40	44	7

Source: SAMI/Burke

Product categories with highest share of drug store dollars contributed by new million-dollar brands introduced in the ’80s

(Year ending July 15, 1988)

Category	Share of drug store category volume contributed by new rands of the ’80s	Retail drug store volume from new brands of the ’80s (Thousands of $)
Hair setting needs	65.2%	$ 58,687
Toothpaste & powder	43.3	102,346
Appetite suppressants	42.9	42,224
First aid antiseptics	40.4	65,315
Eye care products	38.8	179,527
Hairspray	33.6	75,866
Hair conditioning rinses	33.0	53,930
Cold remedies	32.4	192,564
Hair dressing needs	32.1	35,013
Mouthwash	31.1	59,125
Shampoo	26.9	88,367
Hand & body cream/ lotion	23.0	49,120
Facial preparations	21.9	36,211
Internal analgesics	19.9	150,701
Stick deodorants & pads	19.6	31,202
Foot deodorants & athlete’s foot remedies	18.8	12,288
Spray deodorants	16.6	14,409
External analgesics	16.1	17,455
Laxatives & stool softeners	15.6	50,587
Suntan lotions & oils	15.3	18,752
Toothbrushes	15.0	14,203
Hair coloring	14.7	40,877
Cough remedies	14.3	46,209
Roll-on deodorants	13.1	10,878
Natural vitamins, minerals & supplements	10.3	18,101

Source: SAMI drug store service.

Med Shoppe’s earnings up 43 percent, revenues up 19 percent for 3rd quarter

ST. LOUIS — Medicine Shoppe’s net earnings and earnings per share both increased 43 percent in the third quarter ended June 30, while revenues increased 19 percent.

Third-quarter net earnings climbed to $1.6 million, compared with $1.1 million for the like quarter last year. Earnings increased to 30 cents per share from 21 cents per share for the same period a year ago.

Third-quarter revenues increased from $5.0 million to $5.9 million. Sales to franchisees continued to accelerate, up 26 percent for the quarter.

For the nine months, net earnings rose 37 percent, to $4.2 million, from $3.1 million in the like year-earlier period. Earnings per share increased 36 percent, to 79 cents, from 58 cents.

Revenues for the nine months were up 20 percent, from $14.6 million to $17.5 million. Sales to franchisees increased 24 percent: $4.4 million versus $3.5 million. This is a continuing trend that is primarily due to the increase in the number of Medicine Shoppe private label over-the-counter products, according to the company.

Total retail sales reported by franchised pharmacies rose 18.4 percent, to $276.9 million, compared with $233.8 million for the corresponding nine-month period last year. Comparable store-for-store sales for the nine months continued to increase at a 15-percent rate.

The strong increase in earnings for the quarter and nine months is attributable to increased earnings from operations and the favorable impact of the Tax Reform Act of 1986, the company said.

TRENDS

'Snowbirds' thaw out sales for Sunbelt's deep discounters

PHAR-MOR
Save Up To 50% Everyday
50%
More Buying Power

Phar-Mor reinforces its everyday low-price image with overhead signs that are impossible to miss and tell a message that appeals to shoppers on fixed incomes.

By Susan Ball

They arrive in mid-October or November, open their condos and townhouses and soak up the sun in places like Fort Myers, Fla., or Phoenix until April or May, then fly away home to the likes of Ohio, Michigan or New York.

Permanent residents call them "snowbirds," and their migrations to Sunbelt havens have a definite impact on local trade.

One newspaper, the *News/Sun-Sentinel* in Fort Lauderdale, Fla., even publishes a *Snowbird* edition, to keep them up to date on their winter homes during their summer absence. (See box on page 40.) And the snowbird effect is reflected in the Sunday circulation of the Miami *Herald*, which rises from about 540,000 in the summer to about 650,000 come wintertime.

"Snowbirds are definitely an important part of our business," said Gregg Roberson, vp-operations of Drug Emporium of Arizona, a franchise.

Rusty Cowart, manager of the Drug Emporium franchise in Orlando, Fla., estimates that 20 percent to 25 percent of the customers in his stores during the winter are snowbirds.

To some extent, deep discounters such as Drug Emporium, Phar-Mor, Drug Castle and Freddy's, which established their reputations in Northern or Midwestern markets and then opened stores in Florida or the Southwest, have their cake and eat it, too: Snowbirds from Ohio are already familiar with Drug Emporium or Phar-Mor back home, so when one opens up in, say, Orlando, they are likely to flock to it.

"I think people do identify with the same chains in the North and South, especially drug stores, because they've built trust in one at home," and that carries over, said Jo Bowman, a display advertising account executive with the *News/Sun-Sentinel*.

Although deep discount drug store operators in some Florida and Southwest areas know their sales rise sharply during the winter, with January and February busier than for their Northern counterparts, they don't overtly go after the snowbird trade. For example, they generally don't advertise their Southern stores in Northern markets, or vice versa, although Freddy's in-store posting of all its store locations might arguably be cited as a subtle reminder to snowbirds.

"We do more advertising during the winter months," said Roberson, but the Arizona Drug Emporiums don't target snowbirds specifically.

Snowbirds shop frequently for laxatives and other over-the-counter remedies at Drug Emporium.

"The deep discount image creates its own advertisement," said Brad Taylor, who recently opened a new deep discount operation, Bradwood's, in Fort Myers, Fla. "Word of mouth works best, with snowbirds and permanent residents."

Nor do they track this customer segment systematically. However, several said they get feedback indicating snowbirds shop their stores at both ends of the line: Customers note a difference in a product's price from what they paid in the chain's store back home, or ask for a product not carried in a Phoenix store that they had bought in a Colorado unit of the same company.

Snowbirds are "icing on the cake," said Dale Obracay, vp of Bay Area Drug Distributors, which has the Drug Castle franchise in Bayonet Point, Fla., north of Tampa.

Snowbirds are generally retirees, or at least "empty-nesters" over 50, and the elderly population has had a decided impact on the way a Freddy's, for instance, does business in a retirement area of Florida, compared with a Freddy's in the North, or even one in Florida with a younger customer base.

The impact can be seen in store layout and furnishings, sales within categories, the ticket amount and product sizes stocked.

Although deep discounters typically carry larger product sizes, stores with a predominantly elderly clientele sometimes go to smaller sizes on certain products to accommodate those customers.

"Up North, they buy Tide in 9-pound boxes, where down here, they couldn't carry it out of the store," said one deep discount operator, who carries a smaller size for his older clientele.

"Customers will actually say to you, 'I'll be dead before I use all this,' " said Dennis Poirier, head buyer and vp for Freddy's Florida region. The Freddy's in West Palm Beach, Fla., for example, carries smaller sizes of Advil than does its Coral Springs store, which has a predominantly young family and Yuppie-type customer base.

Moreover, snowbirds and

Continued on page 40

Pharmacy presence at deep discounters

Retailer	Total stores	No. with Rx depts.	% with Rx depts.	No. with Rx computers	% with Rx computers
Drug Emporium	150	150	100	30	20
Phar-Mor	89	88	99	88	99
Drug Palace (Rite Aid)	33	33	100	32	97
F & M	55	28	51	28	51
Freddy's (Melville)	18	17	94	17	94
Dot (Wal-Mart)	14	14	100	14	100
Rockbottom	30	13	43	0	0
Drug World (SupeRx)	13	13	100	13	100
Marbal Discount Drugs (Marc's)*	14	12	86	12	86
Howie's (SDM)	11	11	100	11	100
Drug Castle (Brown)	10	10	100	10	100
A.L. Price (Perry)	13	8	62	8	62
Rx Place (Woolworth)	8	8	100	8	100
Bud's (Peoples)	9	8	89	8	89
Joel and Jerry's	6	6	100	6	100
Get It for Less	6	6	100	5	83
Cost Cutters (Community Dist.)	9	6	66	1	11
Maxidrug (Jean Coutu)	4	4	100	4	100
Value Giant (Pay Less NW)	2	2	100	2	100
Price Less	2	2	100	2	100
Ike's (Malone & Hyde)	3	1	33	1	33
Cecille's	7	0	0	0	0
Total Plus (Dart)	5	0	0	0	0

*Deep discounters include nine called Marc's and five called Bernie Shulman's

Note: Pay Less NW has closed its Wonder World deep discount stores and converted sites to other formats.

Source: *Drug Store News* research